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THE COLOMBO PLAN

By E. Stuart Kirby

The British Commonwealth decided early in 1950, at the Colombo Conference, on immediate and large-scale action to improve the economic position in South and South-East Asia. Each individual country in that area was budgeting and operating its own economic activities for the current period, and each was moving rapidly towards a definition of its longer-term policies for its own development. The aftermath of war was being cleared to some extent, in that region, and economic progress was beginning to be realised. But it was all on what may be called an 'ad hoc' basis. Each country was naturally planning in and for itself; according, first and foremost, to its own internal circumstances.

A secondary but important factor was the Sterling Balances. The countries which had gained independence from Britain had actually reversed one of the main economic conditions of the former "colonial" relationship, in that Britain now owed them large sums of money for material aid given through the war period. The countries concerned had been drawing substantially on these accumulated balances, but mainly in an 'ad hoc' fashion: not so much systematically, at times and in amounts carefully scheduled to fit in with carefully-worked out development programmes for themselves, but (a) spasmodically as immediate needs arose and (b) as and when they were able to extract instalments from Britain (which was unable to pay all at once, and could release only a part at a time).

Commonwealth and international arrangements in the area were also on rather an 'ad hoc' basis. An exceedingly valuable British contribution after the war was the institution of the Special Commission for S. E. Asia, through which the practical requirements of each country in that region were coordinated, allocations (of rice, shipping, etc.) made according to availabilities, and information pooled. But all this was geared to meeting needs from day to day, month to month, or year to year. Now, as the immediate difficulties were being overcome and everyone was beginning to think in longer-run terms of development, the need for fuller coordination and for the definition of a firm foundation for long-range planning was becoming apparent.

The Colombo Plan is an important step in that direction. It is intended (i) to coordinate the specific plans of the participant countries, (ii) to clarify their agreement on principles of permanent development, and (iii) to provide such necessary facilities as will not be found internally within the individual countries—notably, finance and technical assistance. Broadly speaking, Commonwealth policy has in this sense moved from the particular to the general—from dealing with specific items and cases to the consideration of general policy or overall planning. Starting from close attention to local conditions, it has felt its way gradually towards the elaboration of general principles.

Meanwhile the United Nations machinery, in its more general approach to the problems of economic development, has elaborated rather an opposite form. It works from agreed, centralised, abstract and general principles, held in common, down to the local modifications and applications in each area. The United Nations appointed an Economic Commission with general competence for the whole of Eastern Asia, to collect and collate information all over the Region. This sets up committees and institutions, not by countries but internationally by subjects — Industry, Mineral Resources, Flood Control, etc. The practical activities concerned are also devised "horizontally" by subjects, through the U.N. Agencies of worldwide scope—one for Food and Agriculture, another for Health, another for Labour, etc. The world's best expert (but general) knowledge in each field is thus brought to bear successively on specific localities and instances.

This difference is interesting and important in helping to explain the setting of the question, but its significance should not be exaggerated. It is largely a matter of procedure, and the parties concerned had in the nature of things to start in those different ways. To accuse the British of lack of general principle, or the U.N.O. of abstract impracticality, would be unrealistic. In fact the pragmatic British arrangements referred to are supplementary measures, the main basis of policy being the maintenance of an agreed framework of international relations—the Sterling Area and Commonwealth connections. While the Specialised Agencies of the U.N., general and abstract as their terms of reference appear, run a great many specific projects in irrigation, pest control, training institutes, etc. In reality, both approaches—the overall formulation

of general rules, and the detailed specification of particular cases—are equally necessary, and one is complementary to the other.

In the post-war evolution of Asian Development policy, the American course has mainly represented the one, and the British line the other. As time goes on, it is becoming increasingly clear which is the wiser of the two, in the present condition of the world. If the United States has lost ground and influence in the Orient lately, that seems due not so much to its actions being wrong in themselves as to the unskilful and inappropriate manner in which those actions are performed. The Americans are often not content with just doing something practical and useful, by simple performance; they sometimes find it necessary to start with great ideals before they feel the way is clear for them to get on with the job.

This sort of publicity has seriously backfired in Asia lately, notably in respect of the Technical Aid Program. Its introduction by President Truman, as a "bold new program" to change the state of the world, was followed by a mountainous publicity, but the concrete result appeared to be—in comparison with either the expectations aroused or the needs of the case—on the scale of a mouse ($30 million, for work largely of a preparatory nature, and promising only long-term returns). The British Colombo Plan, unheralded by any such immoderate publicity, providing for a good round sum (£1,868 million, or $5.2 billion) for six years beginning July 1st 1951, with a fairly definite schedule of investments and returns within that period, has by contrast tremendous moral effect. Fortunately, the Colombo Plan is in no wise inconsistent to the more general approach, or in any way at variance with the overall progress already planned through the United Nations Organisation and the Technical Aid schemes. Far from it—the Commonwealth Scheme lays a firm floor in one part of the area, on and around which all others can build.

* * *

A detailed account of the Plan is now available, in a White Paper ("The Colombo Plan for Cooperative Economic Development in South and South-East Asia. Report by the Commonwealth Consultative Committee, London October 1950" H.M.S.O. Cmd. 8080, price 3/-) and some supplementary literature (recommended:— "Nnew Horizons in the East", H.M.S.O.). A summary will be given below, but first some further general comments may perhaps be ventured here.

The official White Paper, just referred to, makes it quite plain that the Colombo Plan is essentially a coordination of the existing plans, made by the participant countries themselves; these are taken as they are, and the necessary funds and management added from the central Commonwealth pool. In the above remarks, severe criticism was made of the manner in which a procedure, basically sound, could be vitiated by unrestrained American-style publicity, exaggerating everything and raising false expectations. It is clear however that there is a more fundamental danger in the overall (United Nations, largely American-inspired) approach: to erect the general framework first, and work out the particular applications afterwards, must inevitably have the appearance of world economic dictation. They seem to be saying: here is the pattern, we will help you make it. This seems to take for granted an important point of principle, and invites the question: do we cut our coat according to our cloth, or vice versa? The real answer is of course that good tailoring does both. The "Colombo" approach may err in the opposite extreme to the "American" one. Both must be combined, in the longer run; and it is encouraging to see that the course of events is now hastening towards such a balanced result.

* * *

It is immediately striking that the British official report, though it pays due attention to the position of the group of S.E. Asian Commonwealth countries in the world economy at large, makes no reference whatever to Japan, or any possible role or influence of Japan, commercial, maritime, or technical, in that part of the world. The name of Japan is not even mentioned. The Colombo Plan allows of course for any eventual addition of new sources of developmental equipment or services, from Japan direct or through the U.N. machinery. Explicit recognition of the existence of that problem would however seem advisable. Obviously, Japan will soon have to be considered as a major factor in any Asian planning. Objectively, that country is still equipped to be the "workshop of the East", and it is unrealistic to suppose that she can long remain out of that role. Her demand for a share in trade and development work in East Asia will soon become clamant, especially as the markets for which she hoped in North East Asia seem closed, and the war has left her with a structure better adapted than before to provide just the types of machinery and development goods most needed in S.E. Asia. Wise planning would frankly forestall the possibility of future clashes in this respect, by working now towards a reasonable division of functions in the long run. The likely error on the British side would be to give the impression of "staking out claims", of trying to reserve any particular areas or types of activity as future vested interests. A strong influence on the American side is the basic conviction that there is room for all, and that a full development of Asian potentials would give full employment all over the world for a very long time to come. Here, again, the divergent attitudes will have to converge eventually, and there are good signs that a reasonable middle path will be found in good time.

* * *

The comment is also unavoidable that Hongkong, too, is not even mentioned in passing in this Plan. North Borneo, Brunei and Sarawak are together a component in the scheme. It is hard for the general public to understand this omission, which tends to encourage a conviction that Hongkong is deemed strategically "expendable" and not considered worthy of receiving much in the way of tangible aid (e.g. investment in local development) or intangible advantages (e.g. some self-government, at least to the degree vouchsafed to the minor African colonies). Surely this entrepot has a key place in any scheme of Far Eastern development? The official documents on the Colombo Plan, referred to above, are not even on sale in Hongkong. This presumably reflects the well-known apathy of the local public: but how far may that be due to the appearance of comparative official indifference about Hongkong? Ignorance or indifference? Which is cause and which effect? Why is no one concerned to break the vicious circle which leads from the one to the other and back again?

Summary of the Plan

It is stressed that the Plan's aim is to give "a fresh impetus ... to economic development in S. & S. E. Asia in order to raise production, raise stan-

dards of living, and thus enlarge the volume of trade all round the world from which all countries may benefit."

The following Commonwealth countries are foundation members of the scheme, and have their plans fully worked out: India, Pakistan, Ceylon, Malayan Federation, Singapore, N. Borneo, Sarawak, and Brunei. The following others have associated themselves with it: Burma, Thailand, Indonesia, Cambodia, Laos and Viet Nam.

Agreed plans may be summarised as follows, by countries and by classes of investment:—

Countries :—	(in million £)
India	1,379
Pakistan	280
Ceylon	102
Malaya & Singapore	98
Borneo	9
	1,868

Categories: (% of total)	
Transport & communications	34%
Agriculture	32%
Housing, health, education	18%
Industry and mining (excl. coal)	10%
Fuel and power	6%
	100%

The country figures show that this does not cover all that the respective governments wish to do. India has schemes worked out demanding a total investment of nearly £2,500 million, or nearly double her figure in the above table; Pakistan has practicable projects, ready to implement, to the extent of some £450 million, against the 280 given in the Plan. The classification by subjects shows a higher proportion given to agriculture than appears in the U.N. (ECAFE) computations (which latter place not much over 20% under this heading). This is partly a mere matter of classification — "agriculture" in the above table for the Colombo Plan includes, for example, some irrigation schemes which would provide industrial power also, and probably some investment in the production of fertiliser,—but the point is of some relevance.

Expected results are, notably (in 6 years) : —

Increase in cultivated area 13 million acres (3½%)

Increase in irrigated area 6 million acres (17½%)

Increase in output of food grains 6 million tons (10½%)

Increase in electric power capacity 1.1 mn. KW (67%)

These gains would powerfully eliminate the remaining shortages and reductions in capacity which are still present today as the inheritance from the war. But the population will still be growing meanwhile, and its pressure increasing; the fact that there will be an additional number of mouths to feed partly offsets the gross increases indicated. But the general stimulus will be a worldwide one, and is harder to calculate quantitatively. In prewar days, these countries provided nearly all the world's rubber and jute, about three quarters of the tea, two-thirds of the tin, and one-third of the oils and fats, and were correspondingly important as markets for industrial products in exchange.

The aim being a great speed-up in development, the selection of methods of financing is a decisive consideration. Little is to be expected from internal financing. In India, for example, home-financed investment is currently about 2½% of the national income; most advanced countries "plough back" 10% or more, some as much as 20%. The vicious circle (no saving without development, no development without saving) must be broken chiefly by external financing, unless there is to be authoritarian control and forced saving, or inflation, none of which are contemplated. All these countries are running an adverse balance of payments at present, except Ceylon; India and Pakistan especially are already receiving considerable external support.

It is desired to avoid increased taxation, or even to reduce existing taxation, which is high relative to the low levels of national income. There is some scope for economy in administration, etc. The proportion of defence expenditure in these countries is not however as high as is sometimes imagined; it rates a high percentage of the national budgets, but the national budgets cover a much narrower part of the national income than in Western countries; even in the case of India and Pakistan, defence expenditures actually represent no more than 2 or 3% of their national incomes. The stimulation of better savings facilities (savings banks, national certificate schemes, etc.) is one of the aims. On the whole, however it is clear that the main reliance must be on external financing. External financing to the extent of nearly £1,100 million is planned.

The main sources of this are expected to be:

1. Further drawings on sterling balances. India, Pakistan and Ceylon have nearly £250 million down under this heading over the six years.

2. Private investment: (a) by private investors overseas to private enterprise in these countries. The scope for this will only grow as the basic framework of development, from public expenditure, takes shape, so this should be an increasing factor in the later stages; (b) by private investors overseas to governments in the Colombo Plan countries. The London market, it is noted, does not look like being able to meet the demand for loans of this kind for some years ahead; these loans will have to be sought elsewhere.

3. International Bank for Reconstruction and Development. The Bank has already contracted large loans to various countries in the group, in connection with specific development projects. It can only extend further loans of the kind to projects of an exceptionally sound nature. The Governments concerned are confident that their schemes will meet this requirement; but this source also is presumably not a main one, in the earlier stages of the scheme.

4. Government-to-Government loans. This would apparently be the most important channel. For the most part, the amounts required are much beyond the scope of the other sources listed above, especially perhaps in the earlier stages of the Plan. The British Government, in view of its special responsibility in the colonial sphere, has stated its intention to furnish all the funds required under the Plan for Malaya and Borneo.

The Plan states, however, as an essential condition that—whatever means of financing are devised,—the stimulus resulting must be a worldwide one, and the whole system must be to the widest possible degree multilateral. No arrangements will be acceptable which "involve the tying of purchases to particular sources of supply", or in any other way create artificial or avoidable dependences. This tenet is absolutely fundamental to the whole British position in world affairs; what is desired is an open relationship, founded on common interest.

In a subject in which the calculations are necessarily so materialistic, it is refreshing to find, towards

THE COLLAPSE OF THE NATIONALIST REGIME IN CHINA

By Hsin Ying

The factors responsible for the rise to power of the Chinese Communist Party may be classified into internal and external ones. Internal factors were controllable under the Nationalist regime or rested with the Chinese Communist Party. External factors were beyond the Nationalist control and operated under the influence of foreign governments. Internal factors may be classified as political, military and economic in accordance with their nature. This classification does not exclude the possible presence of other factors in our description. They are not held, however, responsible for the change of the Chinese situation in the past few years.

Communist success and justification

When a house falls down, its foundation must collapse first. So it is with a government. The collapse of the Chinese Nationalist Government in Continental China in the past few years has bewildered many Chinese as well as foreigners. Some years ago, all intelligent Chinese were sure that the Nationalist Government would collapse in due time. But nobody prophesied it would have been destroyed in so brief a period. No Chinese dynasty which had been in authority over a period of twenty years did collapse so swiftly as did Chiang's. The longer a dynasty has existed the longer it can withstand the impact from outside. In the course of the southward drive of the Chinese Communist army, millions of Chinese people, poor and rich, gave up their rural and urban homes and fled. Their attitude towards the Chinese Communists was justified by their personal experience or reliable information in the past. Then, how to account for the Communist success in China?

If public opinion is decisive as one of the criteria for political criticism and if the so-called "multitude line" of the Chinese Communist Party is reliable, the general saying among Chinese that "the Nationalist failure to rule does not justify the Communist success in China" is perfectly right. The deep-rooted corruption and inefficiency in political and economic administration had ruined the foundation of the Nationalist regime. It was doomed whether or not there was the Communist revolt. Nominally, China was a unified country under the Nationalist ruling. But, in fact, it was segmented into small automonous states with quite independent heads. Each of these states or provinces was ruled only by a clique or simply by a warlord. The province of Shansi, was controlled by General Yen Shi-shan since the time of the revolution in 1911. These usurpers knew how to enrich themselves, but little about how to rule or how to enrich the people. In addition to their corruption, their incapacity and inefficiency in administration had also worked towards dissolving the Nationalist regime. Agrarian revolts in most provinces were never effectively wiped out. This fact indicates that its ruling force was not enough to hold all parts of China under its control. In other words, the failure to rule shows that the Nationalits Government would come to collapse in due time. There was no alternative force but the Chinese Communist Party which was able to succeed the Nationalist regime. "The power to rule China therefore naturally slipped into the lap of the CCP whether or not the Chinese people were willing to accept it.

An event in Chinese history may be cited to illustrate this point clearly. A little more than three hundred years ago, there happened an agrarian revolt of which the leader was General Lee Ze-chen. General Lee had killed tens of millions of peasants and finally succeeded in overthrowing the Min Dynasty and enthroning himself for a few weeks. As a matter of course, General Lee's policy of massacre conflicted with the will of Chinese peasants and it was not welcomed by them. However, his attempt to overthrow the Min Dynasty was successful. Similarly the Communist Party was an alternative to the Nationalist Party just as General Lee to the Min Dynasty.

Why did the Chinese people not like the Communists? One sentence is enough to assert it—that is, ends justify means in accordance with Leninism. The CCP suffered great losses in the first ten years in the fight against the Nationalist Party, because the people under its control accepted with rancour its brutality in enforcing its policy at all cost. In the struggle between the Nationalist and Communist parties, people in Kiangsi Province alone were killed by the millions. The population in that province, as a result, was reduced from twenty four to fifteen millions,—one of the bitterest lessons to modern Chinese. This fact alone is enough to account for the refugees fleeing in lines ahead of the Communist army.

So far, we have shown how badly led the Nationalist Party was. The Communist success in China is not owed so much to the support of the people as to the Nationalist failure to rule.

Dictatorship

The reasons for the Nationalist failure to rule were first to be found in the political functioning of the Nationalist regime. According to the Law of the Organization of the Nationalist Government there was balanced power among the five Yuan which were respectively called the Executive, Legislative, Control, Judicial and Examination Yuan. The president of the Nationalist Government was a symbolic leader without any real power vested in his hands. But in functioning, the five yuan were in fact subordinate to another organization called Military Council. The president of the Military Council was Chiang Kai-shek who became the supreme executive, legislative and judicial authority of the Nationalist Government, contradictory to the above Law. The Council could disapprove any clause of any law or any kind of regulation. Thus, the five Yuan legally endowed with appropriate power became in fact appendages to the Military Council. And the power to rule was really in the hands of the chairman of the Military Council. In this way a one-man dictatorship was formed in China under Chiang Kai-shek's subtle manipulation.

President Chiang exercised his personal authority to balance the power of the different cliques, organized with quite different motives. These groups of men, whether uniting with or hostile to each other, existed solely for personal interests. All of them had to obey Chiang who exercised a balancing power by relegating, or changing the position of those who were gaining the upper hand in the Nationalist Government or who had expressed disobedience to his personal authority. He kept himself aloof from the cliques' disharmonies and remained in a superior position which none of these cliques' leaders would be able to take over. In doing so, he gained prestige and appeared to the people like a god in the

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the end of the White Paper, some stress on a moral aspect: "Stress has been laid on the poverty of the ... area. In economic terms that is the cardinal fact ... in another sense, however, these countries are rich ... rich in the dignity of peasants tilling the soil ... the wisdom of teachers and scholars. They also possess incalculable capital in the form of the traditions of civilisations older than history itself—traditions ... which still mould the minds and spirits of their peoples. The worst effect of poverty has been to cloud and circumscribe these ... They must be liberated .... "

This glowing passage probably comes in a category described as 'highfaluting', so it should be noted that the Colombo Plan is otherwise severely realistic; however, it is encouraging to note that British influence in the world may aim, in part at least, at counterbalancing the ideologies which consider progress only in material terms, or enlightenment as beginning with some modern politician.

first ten years of his government. His technique to handle "politics-playing" men was successful, if and only if the unfortunate effects of this rule are neglected. But if his personal interest are disregarded and if the effects of his technique to rule are taken into consideration as a whole, we would discover at once that his way of handling politics had actually ruined his political career and the Nationalist regime as well.

In the first place, the top-level officers were infected, under his influence, with being interested in political careers for their personal good. Within the Nationalist Party there were many political subdivisions and opposite political groups. The top-ranking officers in the Nationalist Government were divided also into groups according to their interests. Internal division and confusion were combined to weaken the foundation of the government. In relative terms, the reduction in the Nationalist strength implies, other things being the same, an increase in the Communist strength which the Nationalists intended to fight to the last ditch.

Of more importance and fatal to the Nationalist regime was the power of warlords who were granted privileges to occupy a province or a section of a province as a semi-automonous state within the country. These warlords ruled a province and had an army under their personal command. They appointed their relatives or loyal persons to administer their districts or counties. On such military force and loyal subordinates depended their bargaining power with the Nationalist Government. They took sectionism as the direction of their political administration and would not invade their neighbors unless attacked by them. They did not only form a clique and political division under the Nationalist Government, but they organized states within the state. Generals Lung Yun, Yen Shi-shan, and Liu Wen-fie were a few of them, well-known to the world. If the Central Government was powerful enough to exercise its authority over the different provinces, these warlords were likely to offer it their local resources. Once it appeared that their position as governor became weak so that Nanking could afford to punish them for their disobedience, they would likely rise in revolt against the Central Government. The Central Government had also to divert a good size of its manpower and financial resource to hold under control their military forces who knew to be loyal only to the men who fed them. In other words, between the warlords and their henchmen there existed a purely feudal relation.

It is not irrelevant to give additional explanation on the relation between these warlords and Chiang Kai-shek. A part of these warlords were raised to the position of provincial governor under the influence of, or recommended by, President Chiang after their switching to his side in the course of fighting between their original feudal lord and the Nationalist army. In addition to provincial governorship they were also rewarded with a good deal of money and privilege of free hand in handling local affairs. Chiang usually was inclined to apply as political tactics a policy of attacking A with B who controlled a major of A's military force. The policy worked extremely successfully or at least so for his direct purpose. The loyalty of these warlords to Chiang appeared reliable in peace times. They would listen to Chiang's personal order only. The Nationalist Government could dictate them only when Chiang represented the central authority. Thus Chiang brought about a situation that the Nationalist Governmen had to keep him as the central authority or it would go apart.

Chiang once criticized Chang Hsueh-liang as shrewd in dealing with trival matters, but inconsiderate in handling affairs of importance. This criticism applies with equal force to Chiang himself. He always took expediency as the right way of dealing with national affairs, leaving out of account the basic and long range policy required of a national government. The policy of expediency brought eventually catastrophe to the Nationalist regime and Chiang Kai-shek in the year 1948-1949.

Self-interested ruling class

To extend their individual power, the leaders of those political subdivisions resorted to nepotism as a necessary means. A majority of key positions in the Nationalist Government were given to cousins, sons or in-laws of the leaders of these cliques or the men and women recommended by them. Of course, these men holding power formed a privileged political class we usually call bureaucracy. The combination of bureaucracy with nepotism eliminated the vitality of the Nationalist Government.

Chiang's determination to rule China on the basis of feudalism implies that his personal interests had to be placed above the national ones. His demeanor in government affected to a great extent the psychology of the officials under his control. The top-level as well as the low-level officers were more interested in their personal good than in work for the public. The gain from bribery, defalcation and extortion of a magistrate or of the head of a county in three months tenure of office would be adequate to cover the expenses of a family of four persons over a number of years. If the technique to squeeze the people was so subtle as to be free from criticism, the grafting officer could be hopeful of a rise in his position.

Here I might cite an experience of mine typical of corruption. When living in a small city at the Yangtze River in the late autumn of 1948, I once requested by telegram a freind of mine in Canton to remit by telegram a sum of money for an urgent purpose and I expected to receive it within three days. But only after twenty days I received a notification from the local agent of a national financial organization. I was upset and went to see its manager. I found the bank was notified in a telegram of the remittance seventeen days ago. The value of the money in the period depreciated over two thirds. Of course, the manager had availed himself of the remittance for personal purposes in that period of rapid inflation.

Fraudulence and bribery were evils taken as a matter of course in private talks among most officers under the Nationalist Government. Any private criticism or expression of reluctance about making money in such a manner was regarded as stupid. A sense of integrity and honour was rarely found. The corruption was very bad as regards public works and public relief for refugees from floods, war devastation or locust invasion etc. Millions of dollars raised for any of these purposes would be swindled or defalcated by persons in charge. None or little of the funds at their hands would reach the authorised groups of people. Public works were usually completed with reduced labour days and less materials as required in the design of construction because the officers made a discount in payment to the contractor.

Officers under the Nationalist Government were in general not efficient in work. Public servants were afraid of any work, whether or not in their proper field.

The state of confusion and of corruption in the Nationalist regime led to the prevalence of lawlessness in political administration among influential officers. Under any pretext a man appointed to deal with public affairs of a village or a county might imprison any man or woman under his control. Law became an excuse for criminal activity of public officers and influential people. The lower the class of a man the more miserably he fared. The poor or the honest man was the greatest sufferer. In a society where lawlessness rules human relations, guns and force are the law. Under such conditions, antisocial elements could ascend to the position of provincial governorship and hold in fact power of final decision on everything in the territory they ruled. A Chinese proverb describes the situation very well: "The people are not allowed to kindle their candle, but the government may set houses afire." The common people did feel somewhat like this towards the Nationalist Government.

Military administration

Before 1937, the year in which the Sino-Japanese War broke out, the Chinese army was recruited from different provinces on the basis of voluntary participation. Soldiers, well trained, were of good morale in fighting and in cooperation with their fellow-citizens. But, unfortunately, ninety per cent of the veterans trained over a number of years were lost in the Shanghai-Nanking battle in the fall and winter of 1937. The continuation of the war necessitated new recruiting. A decree for military conscription was put into effect at once. But Chinese in general were not interested in army life, though countless numbers of young

students enlisted out of patriotism. At first,vagabonds and rascals were rounded up for military service. This sort of conscription had two effects; villages and cities had less idle men and rascals, and therefore benefited from the conscription. Secondly, the recruits were no good as soldiers. The army was surprised to find soon a very high percentage of fleeing soldiers both at the battlefield and at training centers. To prevent the flight of the newly enlisted men the recruiting authority took steps to tighten the control of recruits. The recruits were fettered hands with hands and imprisoned while off duty. They were not respected as free men. Nor could they enjoy life as a human being. Army officers, not sincere in their recruiting work, extorted money from them or reduced their food supply. No mosquito curtains were given to them in summer and beddings were not enough in winter. They were indeed infested with fleas and mosquitoes. Therefore, training centres became in fact hells. All Chinese were frightened away and tried to evade enlistment. Surprisingly high prices were paid to hire a man for substitution.

There were too many tragedies to account for in this respect. Personally, I knew a young man who loved his family more than army life. He tried to flee when stationed in my village. Thrice he failed to get out of the sentry line around the village. The third time he was caught and gaoled. The major in charge of the regiment wanted to kili him by shooting at the time of capture. But the villagers begged mercy for him. The major ordered at once the captive to be tied with a wire pushed through his two palms and had him shot a few miles away.

Sometimes the conscripted men fled by swimming away. The soldiers on guard fired and killed them in the river. Some peasants to be conscripted committed suiside or cut off their fingers to disqualify themselves for military service. Stubborn young men, on the way to camp, often tried to disarm their guards and killed them and then fled.

After the Japanese surrender in 1945, the civil war between the Nationalist regime and the Communist regime was intensified and reflected in the increasing frequency of enlistment and the number of recruits demanded everywhere. The source of recruits was narrowed and narrowed until only those men would be enlisted who, for example, ran into debt, had to find a way out of the dilemma and offered themselves for military service under certain monetary terms. Such people, when they obtained their price, would manage to get out of the army as early as possible, and resell themselves to somebody else. Abnormal inflation in China since 1946 had reduced physical as well as mental power of the enlisted peasants, because they were fed with nothing else but water porridge, twice a day. All service men wanted to have themselves discharged. The more the soldiers fled, the more urgent the need for the supply of man power on the frontline. Thus, each unit, at different levels organized capture bands to get young men who were apprehended for substituting for the escaped soldiers or they were released after paying a price. They were herded into a car which was driven into a camp and then enlisted under force. There were also people who tricked young persons into military service. All people conscripted at the bayonet were called pig soldiers implying that they were treated like pigs and those who herded them into military service were called soldiers' retailers or the head of swines. The state of affairs has been fully described in a Chinese film "The Tears of Pearl River." Towards the end of the Nationalist Government at Canton so-called soldiers' retailers were attacked by mobs whenever discovered and lynched.

Military supply

After the fall of Nanking to the Japanese army, fighting extended to all seaboard provinces. The front was divided into a number of war zones, each with a commander appointed by the Military Council of the Nationalist Government. The military administration, since then, took a turn for the worse. First of all, the supply system was operated independently by the military headquarters of each war zone. The Nationalist Government sent to these headquarters war materials, food and ammunitions, which were distributed by their respective officers to each army corps and division. The commanders and the head of each military unit on different levels were responsible for auditing and checking. People manning the supply line came from appointment or recommendation made by the commanders of each army. Commanders might pocket funds or discount the soldiers' payment. Supply was always late when the issue of currency increased in quantity. The funds for payment to the soldiers were taken by higher officers who established commercial enterprises with their friends. When eventually soldiers received their pay only one third or one tenth of what they should have got in real terms a month or months ago, was paid. The price of commodities went on soaring. Soldiers under the command of General Tang An-pei, wore shorts only in summer time, when stationed in Honan Province. All savings from reduced military dress were pocketed by the commander himself. Soldiers in the Nationalist army in general wore summer clothes in early winter. The negligence of the soldiers' welfare, for which commanders were responsible, combined with the inefficiency of the supply system led veterans to be discontent with the Nationalist regime.

President Chiang, from the beginning of his regime, adopted a policy of discrimination in military supply. The Nationalist army was classified into three categories: the mechanized, the central and the local armies. The central army was that under the command of the graduates from the Huang-pu Military Academy and the Central Military Academy. It was given priority in war material supply. Military payment was remitted to them with more regularity. The mechanized army was included and was the best part of the central army. As compared with other parts of the central army, it was supplied with better clothes, better food and up-to-date military equipment.

Most armies under the command of warlords in inland provinces had been antagonistic to and were earlier defeated or re-organized by the Nationalist Government before the outbreak of Sino-Japanese war in 1937. A general or a soldier who had been defeated understood his situation in the Nationalist army. They had no right to speak up for better treatment and material supply. In the first few years of the war, all Chinese were united to fight the invading Japanese. Patriotism and national interests overcame their egoism in bargaining for improvement in supply with the Ministry of National Defence. The division firing the first shot against the Japanese invasion in the Peiping area, on July 7th 1937, was commanded by General Ho Chi-fung, now a political adviser of the Communist Central Government at Peking, and they were equipped with only knives and rifles. They had no big guns and airplanes. Their exploits, however, were not rewarded on equal terms with the army under the command of generals from the Huang-pu Military Academy. A number of famous divisions, when left only with a few battalions after hard fighting with the Japanese army, were not supplemented with recruits and omitted from the payroll of the Ministry of National Defence. For fear of losing their army which was their bargaining power with the Central Government, many generals from inland provinces were discouraged from engaging the enemy. The unequal supply for different armies and unequal rewards for equal merits of different generals resulted in discontent towards the Nationalist Government by the armies not commanded by the confidants of President Chiang. On the contrary, armies well supplied were very proud of their superiority in supply over others. Their training however was slackened and their fighting potential became weak, for, as compared with their comrades in other armies, they were hardly utilized by President Chiang and had been out of fighting for a relatively long time. The discrimination in supply was regarded as responsible for the surrender of General Tseng Tze-sen to the Chinese Communist army in Changchung City, Kirin Province, and the revolt of General Wu Hua-wen in Tsin-nan, the capital of Shantung Province, in the fall of 1948. And the lax discipline led to the disastrous defeat of the mechanized Nationalist army in North Kiangsu Province in the winter of 1948.

All casualities were handled by an inefficient and inadequate military nursing system in the Nationalist army. A wound meant catastrophe to any soldier. On the battlefield, nurses were so scarce that only officers were taken care of. Sometimes the wounded or the

maimed lay helplessly. Many veterans were sacrificed under circumstances as such. If a wounded or a sick veteran was sent to a hospital the inexperienced military doctors often bungled. Sick and wounded soldiers were too many to be taken care of by relatives. Funds allotted for nursing were too little. Doctors were annoyed and irked by heavy work.

I agree with a commonplace Chinese saying: Of all the things known to us in China, human life is the cheapest.

Military Morale.

In the fall of 1937 when the Japanese army began to invade China at Peiping and Shanghai, the Chinese army offered very stiff resistance, resulting in approximately 600,000 casualities, a part of the best trained troops. These veterans had good morale in the battlefield and in dealing with the common people. The Japanese army, surprised by their chivalry and martyrdom, paid respect to them after taking over Peiping and Shanghai. When these veterans were sacrificed as a whole for protecting the freedom of China in the first few years of war, military morale in the Nationalist army began to decline. There are two reasons, one is economic and the other non-economic. Economically, the lag in time of the increase in pay for soldiers worked towards reducing veterans' provisions. The soldiers had to wait very long for their living expenses from the remittances of the Ministry of National Defence. How much would the purchasing power of the money remittance was reduced on the way to its destination depended on the speed of inflation. Usually, the purchasing power of remittances was lost in part. Nominal increase in monetary expenditures could not counterbalance the loss of monetary purchasing power from inflation. The provisions of the soldiers, therefore, tended to be reduced. This was changed for worse since the spring of 1947, which in turn reduced the willingness and physical power of veterans to fight. Once the filling of the stomach became a serious problem an attempt would be made at mutiny and revolt against the military authority whenever soldiers lost patience. In the fall of 1948, increasingly large denominations of money were flown into cities under the siege of the Communist army. But the soaring price of food outran the increase in the amount of money and rationing of food to individual soldiers was reduced to seven ounces rice a day, as in the city of Changchung. Army horses in the city of Changchung, for example, were killed for food. Soldiers were physically too weak to run and forced to surrender to the Communist army.

Towards the end of the Nationalist regime army officers were inclined to sell their belongings to keep themselves from starvation, because their salaries were always late in reaching their hands and the acceleration of inflation could eliminate a larger percentage of purchasing power within a brief period of time. In order to raise the necessary expenses for living, army officers and soldiers engaged in commercial activities. Big and small business enterprises were organized under the title of cooperative associations whose transactions were exempted from national and local taxes according to the ordinance of cooperative organizations. If serious punishment was expected for illicit transaction, they armed the transport of the related commodity to prevent official inspection. Smuggling between Hongkong and Canton always came under the protection of large and small military units stationed at the boundary. In the year preceding the fall of Canton to the Chinese Communists, a number of military regiments were engaged in smuggling and opened fire on policing guards directed by the customs administration. It was known to every Chinese that the local army in Yunnan, under the control of Lung Yun, was highly rewarded for protecting the transport of opium from West Yunnan Province to adjacent provinces. To such illegal business was ascribed in part the decline of military morale in the Nationalist army.

We should bear in mind "what we fight for" is not a serious question to the Chinese soldiers on the Nationalist or on the Communist side. Civil war is, after all, internal strife. It is silly to regard ideological factors as capable of changing the mind of Chinese soldiers in favour of one party. What they are most concerned is sufficient food. All privates in the National army and in the Communist army came from villages in search for a meal ticket. Their stomach was empty at the time of enlistment. Chinese villagers were so disgusted with military life that they would not apply for military service if there was any thing left in their kitchen. During the civil war period the idea to be a soldier was completely different from that during the Sino-Japanese war period. The Nationalist regime failed completely to enforce military conscription in the past few years. All recruits from villages or cities were poor peasants or coolies, "selling" themselves at a price to persons who were called up for military service. Thus, it is true that the Nationalist army was a mercenary army. The Nationalist government failed to suppress the Communist revolt, not because it failed in propaganda to convince and win its people over, but simply because it failed to satisfy the soldiers' want for food. Among the soldiers rice meant something more fundamental than ideology.

The decline in military morale in the Nationalist army may be also attributed to other reasons. For example, the ill-treatment accorded by high army officers to privates or low ranking army officers is, among others, worthy of attention. Once I saw a lieutenant colonel hit a major right in the chest. A private, if guilty of a lapse in military discipline, was punished with a heavy stick. Only a few clubbings would be enough to hurt so as to make the receiver unconscious. The punishment being over, the receiver usually was crippled and had to get on a stretcher. Weeks or months were needed for recuperation. Maltreatment like this or serious punishment not corresponding to the guilt was never leading to improvement of military morale. The prevalence of kicking, hitting and whipping in the army had dissolved to some degree the cooperation between the privates and army officers. We frequently heard stories about the retaliation of soldiers towards their army officers at the frontline.

Again, army officers, high or low, were invariably interested in getting married wherever they were stationed. Somtimes they had had one wife at a place and married another girl at another place. The top officers never investigated the private life of their subordinates. Of course, a young man who has one or more wives would be more hesitant than a bachelor when fighting. At dangerous time, officers like these would make efforts to safeguard themselves by dodging.

Because of the decline of military morale in the army, the soldiers, immediately after the Sino-Japanese war, assumed the same attitude towards the people as was noticed under the warlords prior to the establishment of the Nationalist Government. In the time of warlords' regime, servicemen called riflemen by the common people could do whatever they liked, for the rifle symbolized force and by force they could do everything. It was the rifle which held superior power. Many soldiers got by with all sorts of crimes sometimes even rape and robbery. In need for coolies for carrying baggages they would capture rather than hire a peasant or any people they met on the road. It was such misconduct which disturbed the life of Chinese peasants and led to their discontent towards the army in general.

Fiscal Policy

The economic factor contributed largely to the collapse of the Nationalist regime. Usually, a government may raise funds for public expenditures through three ways during a war period. The first is taxation based on the ability to pay of the taxpayer. The second is the issue of public bonds bearing interests. The third is an increase in the issue of currency. No definite merits or demerits can be stated of the three methods. Whichever is better depends on circumstances. If well handled and controlled, inflation is not necessarily worse than taxation. Taxation is not a means better than inflation in diverting resources to war channels through reducing the material enjoyment of citizens.

The issue of public bonds under the Nationalist Government, except issued under the title of foreign currency, took the form of inflation by selling to banks having the right to issue banknotes. The issue of public bonds to be redeemed in foreign exchange or currency loaned from a foreign government could effectively reduce the quantity of money in circulation if it was paid in

national currency. For a number of times, public bonds issued under the Nationalist Government were prefixed with the United States dollar or gold unit. They were gilt-edged bonds and a larger part thereof were bought by public servants who were granted a privilege to pay in instalments. A part of the bonds was sold in allotments to rich villagers who, not understanding the nature of such bonds, resold them at once to the official in charge at a much lower price. Those bonds to be repaid in Chinese currency could not find buyers on the market and were "deposited" at banks with some price paid by the accepting banks with their additional issue of bank notes. Thus, the effect of issuing those bonds is better to be discussed in the section of inflation. There had been several times issues of grain certificates since the year of 1941 under the enforcement of the Decree of Grain Tax. The purchase price for grain from all grain taxpayers was paid in part in money, and in part in grain certificates which would be repaid in five years. It was a public bond in nature, issued in real terms. Its effect on public finance is not easy to determine. It is probably correct to say that the issue of it in a large quantity has reduced to some extent the need for the issue of banknotes because payment made in grain could reduce the monetary expenditures of the Ministry of Finance.

Before the fall of 1941, taxes of the Chinese Government were collected in national currency. But by the depreciation of the money the revenue from taxation resulted in a great loss. Effective steps were taken to prevent this yearly disaster. When the Decree of Grain Tax was announced in the fall of 1941, land tax began to be collected in grain. There were, simultaneously, grain surtax and grain purchase. Of course, the transformation of land tax paid in money into grain tax would increase the cost of administration on the part of the Ministry of Finance. But it would be far counterbalanced by the gain from the swollen value of grain from inflation. Payment of wages and salaries made in grain contributed much towards the stabilization of the public finance of the Nationalist Government throughout the period of Sino-Japanese war. In February 1947, the price of commodites soared as it did at festival times throughout the later part of Sino-Japanese war. A subsequent confusion in the financial market of Shanghai was so great that the rate of the United States dollar in terms of the national currency rose to $12,000 from a little more than $3,000. The Nationalist Government was shocked. National currency began to lose public confidence. The loans from the United States Government sent to China in the form of gold were utilized in gold sales by the Central Bank of China at an official rate which was far below the black market rate. Hundreds thousands of people lined up before the main entrance of the Central Bank of China in Shanghai to purchase cheap gold. Surprised at the number of people lining up, the Bank ordered cessation of the gold sale. A rumour then was spread that the Central Bank of China had sold its gold reserves to the last ounce. The rate of the United States dollar soared at once from a little more than $3,000 to $19,000 at the black market and was stabilized later at $12,000. An investigation into the matter proceeded under the auspices of the Control Yuan of the Nationalist Government with the conclusion arrived at and made public that the gold from the loans of the United States Government was secretly sold to bankers who were friends of top-level officers of the Central Bank of China. All Chinese were astonished. Thereafter, the depreciation of the national currency continued at an accerlerating rate.

In middle November 1947, General Marshali announced the United States policy towards the Nationalist Government. The next morning the purchasing power of national currency was reduced by two thirds, because Chinese were disappointed not to get a loan from the United States. The situation of the currency depreciation was uncontrolled until the end of February, 1948, showing the collapse of the Nationalist monetary system. The Nationalist Government found itself entangled with a hopeless fiscal problem. The grand total of expenditures per annum including military outlays for six million soldiers was reduced to an equivalent of US$40,000,000.

The National currency ceased to function as the medium of exchange since the spring of 1948. It was used only as the unit of counting wages and salaries for public servants. It commanded no longer confidence. Silver dollar and US$ gained ground in business circles as the unit of accounting and became mediums of exchange in different parts of China. Public servants or employees of commercial companies invariably changed their wages and salaries from the Chinese money into silver or US$. Two or three times a month a slump in the value of the Chinese money happened according to the frequency of wages payment to government officers. As the time rolled on, currency depreciation was accelerated. Finally, money income from taxation was not sufficient to pay the wages of employees.

Advocates of a new monetary reform persuaded Chiang to establish a new monetary unit called gold yuan which was announced on August 23, 1948. The effect was like a centrifugal force which alienated the people from the Government, and created between them an abyss. For the Decree of the Gold Yuan System contained a clause that gold, silver and foreign currencies were nationalized and had to be surrendered before September 30, 1948, to the Central Bank of China in exchange for the gold yuan, an irredeemable paper money, according to a fixed official rate. All Chinese, especially of the middle and poor classes, had some foreign currencies, silver dollars or gold bullion and thus they lost them in the monetary reform.

The Government adopted a ceiling price policy for all goods. All stores in Shanghai and other cities were forbidden to close down. For the ceiling price policy was carried out only in cities and not in villages. The past experience from inflation led Chinese merchants as well as the general public to do their utmost to convert their irredeemable paper money into real goods. All Chinese in Shanghai rushed to purchase goods for fear of the depreciation of the paper money. When the date for changing gold, etc., September 30, was due, the rush for commodity purchases soon plunged Shanghai into panic. All stores moved away their goods. A firm which sold out a unit of goods was afraid of being not able to buy back a similar one at the same price. Stores refused to sell whatever kind of goods. Thus, the price level in Shanghai and subsequently in other cities rose hour by hour, but only clandestinely. The people would like to buy what they saw in any store at any price. For, a moment later, the price might go up further. So, people in need of food had to line up before the shop which was willing to sell, and usually were allowed to buy only a handful each day.

The public took the reform decree as a robbery policy in pursuit of gold, silver and foreign currencies. It was estimated that a total of US$200,000,000 worth of gold, silver and foreign currencies was obtained through this treacherous reform. As a result, the common people were antagonistic to the Nationalist regime.

The Nationalist fiscal policy during the period of the Sino-Japanese war from 1937 to 1945 was perfectly consistent with the Chinese economic situation. Of course, there was some degree of deviation in enforcement from the main line set in the fiscal policy of each time. All people were surprised with the relatively stable price level throughout so long a period of war and, subsequently, with the very successful control of monetary quantity in circulation, considering the poor resources with which the Nationalist Government ventured into war. The Nationalist post-war fiscal policy was set along the past line in ignorance of the change in economic conditions and social psychology. Chinese people were disillusioned with the old magic, ascribing inflation to commodity scarcity. They understood now the real cause of a rise in price level, and knew to adjust the prices of individual commodities to the general price level or the purchasing power of money. Thus, the rise in price level, since the end of the Sino-Japanese war, was seasonable or rather festival, for, at each festival time, Chinese people invariably inclined to spend according to their financial power. The more the people spent, the larger the quantity of money was in circulation. When the people lost confidence in the paper money, they would spend at once whatever amount they had. So the velocity of money in circulation per unit time was increasing in accordance with the advance of time, counted from the date the public began

FIRST ANNIVERSARY OF THE INDIAN REPUBLIC

Indians, resident in Hongkong, as well as those living in all parts of the world, celebrated on January 26th the first anniversary of the Indian Republic and the British people, who for over one hundred years have been closely linked with that country, were ready to share their celebrations in a spirit of cooperation and friendship. In fact no one understands India's aspirations with greater sympathy than Britain.

During the past year of uncertainty so far as world politics are concerned, the two countries continued to travel together. They were the first to recognise the Communist Government in China, and while this action has not been endorsed by some countries and even been condemned by others, both India and Britain have steadily held to this position. Today in spite of difficulties, rebuffs and discouragement, as well as an apparent lack of appreciation by China, they are still maintaining their stand. This is definitely a stabilising force in the chaotic situation of the world today.

Mr. Nehru, whose ardent support of negotiations with Peking over the Korean war has been sharply criticised as a policy of appeasement, is nevertheless acting according to what he considers not only the wisest course to follow under the circumstances but also because he ardently believes that negotiations alone can bring relief to a world weary of war and threats of war. As Mr. J. H. Ruttonjee pointed out at the reception given by the Hongkong Indian Association, "Like our friends, the Chinese people, the Indian people are old in philosophy. We have discovered that war creates misery and settles nothing." No one will challenge such a statement as the democracies are at one with India on this point, but many will nevertheless still adhere to the belief that while the Chinese people may theoretically disbelieve in war their action in Korea is not consistent with that disbelief. The world generally has learned through bitter experience that aggression unless challenged, must lead to disaster. This fact cannot be overlooked in any negotiations nor must the intense desire for peace which characterises the democracies to-day allow for weakness in conciliatory measures.

The greatest caution should at this time be taken in blaming the United Nations for the policy which was adopted with approval by a majority of its members. Any friction between the democracies constitutes a grave risk that cannot be indulged in as a weakening factor in negotiations. Peking recognises the value of propaganda and at the moment the United States is the butt of his propaganda, but if the right moment comes it may be turned with equal facility towards India and Britain. Mr. Nehru is indeed facing another year of office with the grave responsibility either of conciliation and its attendant dangers, or of boldly standing behind the UN with its avowed intention to uphold democracy and the liberty of nations. We sincerely hope that when January 26th returns in 1952, Mr. Nehru, Britain and the United Nations may be congratulated for their united and determined stand in the cause of freedom.

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to lose their confidence. Continuous increase in the turnover of money, of course, would turn up the price level if the quantity of money in circulation over the related period is not reduced. In other words, the rise in the general price level might be more than in proportion to the addition of money in circulation. Consequently, diminishing was the fiscal advantage from successively equal additions of banknotes in circulation. This element makes a difference between the post-war fiscal condition and that of the Sino-Japanese war period. In ignorance of this difference the Nationalist authority failed to attain their fiscal purpose through employment of the same way and means.

Many economists denounced the Nationalist fiscal policy on the ground that it was advantageous to the rich while disadvantageous to the poor. To some extent, the writer agrees with this criticism. In raising funds for war expenditures, the authority of the public finance in the Nationalist Government laid too much emphasis on convenience and simplicity. Of the three ways for raising funds, the issue of banknotes is, of course, the easiest and simplest, though the unfairest in consequence. The collapse of the Nationalist Government, if ascribable in part to the decline in power of the middle class in support of it, may be taken as a result of the destructive inflation. The money income of the middle class cannot increase in the same space as the rise of price level in the course of inflation. The civil war in Continental China might have continued longer had the Nationalist adopted a firm policy of taxation as did the Communists in the past year.

Foreign Aid

Another factor in connection with the collapse of the Nationalist Government was foreign aid. Foreign aid, if adequate and properly utilized, could conduce to Chinese resistance war against the Japanese invasion and help the Nationalists fight Communists. But no foreign aid would produce much effect in the absence of a well operating political administration and a well trained army. In the Chinese civil war, Nationalist Government had at its disposal more human power and more war materials than the Communists up to the time the Communist army overtook Hsuchow. At the time of Japanese surrender, Nationalist Government took over more than 10,000 big guns, 1,000 airplanes and ammunitions in countless number. Chinese Communist army obtained only a part of Japanese ammunitions, but no airplane, from the Russian invaders in North East China. In respect to the resources available, Nationalist Government was better supplied than Communist regime up to December 1948. But the Nationalists were too greedy and too inefficient to handle their resources; too greedy because a large part of civil supplies from the United Nations Relief and Rehabilitation Administration was sold to the black market for personal gain or directly sent to the homes of officers in charge, in spite of the hundred millions of starving peasants in most provinces of China; and too inefficient, because a part of the UNRRA supply was left rotting in the depots of Shanghai and other cities. One year after the closing of the UNRRA's work in China, we could still find on markets plenty of its canned food. Of course, it was put on the market by Chinese officials and workers of UNRRA.

As for economic and military aid to a warring government, it is not a problem of how much should be given but a problem of how the recipient can put resources into full utilization. Foreign aid should be given according to the recipient's capacity to utilize. An excess of foreign aid over the recipient's capacity to utilize would result in waste and misuse, as was illustrated by the American aid to the Nationalist Government. In the American aid to the Nationalist Government any amount of aid in excess of its capacity to utilize should have resulted in an improvement in the Nationalist economic and military administration.

Military aid to an army lacking in discipline and given to graft will help little and sometimes might run contrary to the original purpose of the aid plan. On the one side, army officers enriched with funds from the aid might become disinterested in army life. On the other side, army officers and soldiers lax in morale might defect to the enemy with their equipment. Of course, surrender of a few soldiers means nothing to a political regime. But the defection of a division or an army corps to the opposite side might upset the army morale as a whole and turn the military tide in favour of the enemy. If so, more military supply from a foreign country and distributed to army not reliable in operation would be more advantageous to the enemy than to the political regime in need of aid. In other words, the army with the intent to defect simply becomes a supply station of war materials to the enemy. The U.S. military aid turned thus in favour of the Communist regime particularly after the Nationalist army had defected in North East China.

HONGKONG'S TRADE IN DECEMBER AND FOR THE YEAR 1950

During the month of December an adverse balance re-appeared in the trade figures for the first time in several months with imports at $436.2 millions and exports at $377.8 millions. These figures compared with previous month indicate a slight increase of 2.1% on imports and a decrease of 14.7% on exports. Total volume of trade at $813.9 millions showed a decrease of 6.4%.

Trade with China and Macao registered a reduction of $15.1 millions. Figures are shown in millions of dollars below, last month's figures being given in brackets:—

	Imports	Exports	Total
China, N.	33.6(27.9)	92.5(102.8)	126.1(130.7)
China, M.	20.4(17.2)	22.3(34.1)	42.7(51.3)
China, S.	43.6(41.8)	62.6(61.5)	106.2(103.3)
Macao	8.7(11.5)	14.2(16.2)	22.9(27.7)
Total	106.3(98.4)	191.6(214.6)	297.9(313.0)

Imports of soya beans from North China increased from $3.7 millions to $6.3 millions; textile fabrics from $1.9 millions to $3.2 millions; pharmaceutical products from $1.4 millions to $2.5 millions; coal from $0.4 million to $1.4 millions, but vegetables, roots and tubers chiefly used for human food, and ground nut oil, fell away by $1.5 millions and $0.9 million respectively. Exports to North China showed a heavy drop of $10.3 millions, the main items affected being dyeing and tanning materials, down by $7.7 millions; pharmaceutical products down by $3.5 millions; refined sugar down by $3.2 millions; gunny bags by $1.4 millions; and iron and steel by $1.3 millions. On the other hand textile fabrics increased from a mere $66,000 to $7.4 millions.

The increase in imports from Middle China is again attributable to heavy shipments of refined sugar from Formosa. Exports of yarns and threads decreased by $2.5 millions; textile fabrics by $1.8 millions; pharmaceutical products by $1.5 millions; vegetables roots and tubers chiefly used for human consumption by $1.5 millions, and fertilizers by nearly $1 million.

In respect of South China imports of woodoil increased by $7.3 millions but a decrease of over $1 million was registered for each of the following items : Rice, Raw Silk, and Vegetables, Roots and Tubers mainly used for human consumption.

Exports of rubber tyres to South China rose nearly four times during December, totalling $5.1 millions. Increases were also registered in respect of gunny bags from $0.8 million to $2.4 millions; iron and steel from $9.3 millions to $10.6 millions; and manufactured articles from $1.3 millions to $2.3 millions. There were decreases in exports of pharmaceutical products from $12.0 millions to $10.5 millions; dyeing and tanning materials from $7.3 millions to $5.2 millions; wolframite from $1.6 millions to $0.1 million; and antimony ore recorded a nil return as against $1.4 millions.

Figures for trade with China and Macao for the year 1950 in millions of dollars with comparison for 1949 in brackets are as follows: —

	Imports	Exports	Balance
China, North	335.7(233.4)	677.2(287.6)	+341.5(+ 54.2)
China, Middle	136.1(58.0)	361.3(158.1)	+225.2(+100.1)
China, South	366.1(301.5)	422.6(139.2)	+ 56.5(—162.3)
Macao	104.4(77.6)	208.4(268.5)	+104.0(+190.9)
Total	942.3(670.5)	1669.5(853.4)	+727.2(+182.9)

Figures for trade with this country during the year 1950 in millions of dollars are as follows:— (figures for 1949 in brackets)

	Imports	Exports	Balance
Jan.	66.8(25.7)	23.2(15.2)	— 43.6(— 10.5)
Feb.	49.3(37.7)	10.6(9.1)	— 38.7(— 28.6)
March	54.0(47.4)	14.9(13.2)	— 39.1(— 34.2)
April	42.9(33.6)	14.5(5.2)	— 28.4(— 28.4)
May	69.5(71.9)	29.1(24.5)	— 40.4(— 47.4)
June	56.6(47.6)	23.6(18.1)	— 33.0(— 29.5)
July	37.3(40.5)	31.3(27.0)	— 6.0(— 13.5)
Aug.	47.8(47.1)	42.6(17.9)	— 5.2(— 29.2)
Sept.	49.8(51.3)	33.5(23.0)	— 16.3(— 28.3)
Oct.	51.2(54.9)	39.8(34.4)	— 11.4(— 20.5)
Nov.	54.5(57.2)	25.5(23.0)	— 29.0(— 34.2)
Dec.	75.6(60.5)	20.1(23.8)	— 55.5(— 36.7)
Total	655.3(575.4)	308.7(234.4)	—346.6(—341.0)

Figures in millions of dollars for trade during December with specific localities of China, or by specific routes, are as follows (last month's figures are shown in brackets) :—

	Imports	Exports
Formosa	15.9 (13.4)	15.7 (26.9)
S. China (by land)	17.8 (15.8)	54.0 (57.3)
Shanghai (by rail)	0.9 (1.1)	7.9 (3.4)
Shanghai (by sea)	10.1 (4.9)	18.2 (25.2)
Hainan	0.08(0.1)	0.03(Nil)

United Kingdom

Imports from the United Kingdom fell by $3.8 millions, the reduction being mainly attributable to decreased imports of pharmaceutical products and electrical machinery.

British Malaya

Imports declined heavily from $75.9 millions to $43.6 millions. The most marked decreases being raw rubber from $58.4 m. to $35.3 millions; textile fabrics from $5.8 millions to $1.6 millions; yarns and threads from $1.8 millions to $0.2 million. Exports went up by $2.5 millions, the principal item affected being textile fabrics. Fishery products for food recorded a decrease of $1.7 millions compared with the previous month.

Pakistan

Raw cotton imports jumped from $6.1 millions to nearly $9 millions. Exports of yarns and threads fell by nearly 50% to $5 millions, but exports of manufactured articles were up by $1.7 millions.

Belgium

Imports of iron and steel were valued at $3.8 millions, over four times the figure for November.

Germany

Exports decreased sharply from $9.9 millions to $2.0 millions, the decrease being spread over a wide range of commodities, notably wood oil by $1.2 millions; feathers by $0.8 million, and nil shipment of rapeseed oil as against $1.8 millions in November.

Holland

Imports were valued at $10.3 millions, which showed an increase of $4.4 millions over the previous month. Main increases were dairy products, up by $1.6 millions ; and refined sugar, up by $1.2 millions. Exports of shelled groundnuts registered a decrease of $1.7 millions.

Italy

Imports showed an increase of over 50% to $7.4 millions, almost entirely accounted for by yarns and threads.

Japan

Imports were up by $6.5 millions, with textile fabrics up by $8.6 millions and fishery products up by $1.7 millions. On the other hand, imports of fertilizers were down by $2.7 millions. Exports, which climbed to $16.2 millions in November, dropped to $8.5 millions, the chief items affected being textile fabrics, and yarns and threads.

Macao

Trade with Macao showed an all round decrease of over $2 millions in both imports and exports.

Thailand

Imports of rice dropped heavily from $16.5 millions to $3.7 millions, and exports of textile fabrics fell by $1.5 millions.

U.S.A.

Imports went up by $21 millions, pharmaceutical products increased by $9.9 millions; textile fabrics by $1.7 millions; dveing and tanning materials by $1.7 millions; raw cotton by $2.4 millions; manufactures of base metals by $1.4 millions and wheat flour by nearly $1 million. Exports showed a general decrease of $5.4 millions the principal item affected being manufactured articles, which was down by $2.6 millions.

Main imports from and exports to U.S.A. for the year 1950 (in millions of dollars) with comparison for 1949 were :—

Imports from U.S.A.	1950	1949
Chemical elements and compounds; pharmaceutical products	134.8	91.8
Raw cotton	50.8	18.5
Tobacco	48.2	37.1
Textile fabrics & small wares	38.9	35.2
Fruits & nuts, except oil nuts	35.0	23.7
Machinery apparatus & appliances other than electrical	32.4	33.5
Dyeing & tanning materials	31.8	23.5
Iron and steel	27.8	32.3
Manufactures of base metals	22.9	21.4
Fertilizers	18.5	1.2
Electrical machinery, apparatus & appliances	16.8	15.4
Pulp, paper & cardboard & manufactures thereof	16.5	28.9
Vehicles & transport equipments	14.8	18.1
Fishery products for food	14.5	10.2
Fountain pens	14.2	11.3
Clothing & underwear of textile materials; hats of all materials	13.5	12.2
Watches	9.2	12.7
Wheat flour	7.9	13.2
Motor spirit (gasoline and other light oils for similar uses)	Nil	12.3
Pigs' and boars' bristles	73.0	68.7
Wood oil	67.4	20.4
Feathers, all kinds	18.0	12.7
Textile fabrics & small wares	20.7	8.0
Articles of vegetable plaiting materials (bamboo, straw, willow etc.)	16.4	9.5
Other plants, seeds, flowers & parts of plants, n.e.s. (mainly for use in medicines or perfumery)	10.6	8.7
Vegetable, roots & tubers, chiefly used for human food & their preparations	10.9	8.5
Tin ingots of Chinese origin	5.7	24.9
Fireworks	6.0	8.5
Wolframite ore	0.9	8.2
China tea	5.0	2.6

Other Countries

During the month imports of refined sugar to the declared value of $3.5 millions from Cuba were recorded.

Air Freight

The air freight figures for the month are as follows:—

	Weight	Value
Imports	33,221 Kgs.	$ 9,860,404
Exports	59,382 „	13,176,230
TOTAL	92,603 Kgs.	$23,036,634

Switzerland supplied goods by air to the value of $4.5 millions; U.S.A. $2.6 millions; and United Kingdom $1.2 millions.

HONGKONG'S TRADE IN DECEMBER

Imports of merchandise into Hongkong during the month of December, 1950 amounted to a declared value of $436,162,244 as compared with $286,665,075 in the month of December, 1949. The figures include Government sponsored cargoes. Exports of merchandise totalled $377,778,457 as compared with $279,429,964 in December, 1949.

Imports during the year 1950 amounted to $3.787,661,653 as compared with $2,749,605,065 in the year 1949. Exports totalled $3,715,552,373 as compared with $2,319,010,984.

TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES

Countries	IMPORTS December 1950	IMPORTS December 1949	EXPORTS December 1950	EXPORTS December 1949
MERCHANDISE	$	$	$	$
United Kingdom	32,176,202	35,962,890	13,957,908	9,522,323
Australia	4,071,816	6,923,538	3,021,095	2,531,221
Canada	6,010,775	9,541,411	579,959	746,263
Ceylon	102,370	153,305	1,047,710	430,216
East Africa (Br.)	847,875	64,655	792,636	714,649
India	18,189,559	23,772,354	2,465,880	1,706,004
Malaya (Br.)	43,599,371	15,311,066	79,701,770	20,181,928
New Zealand	60,980	466,579	276,050	278,889
North Borneo (Br.)	1,464,795	1,458,462	955,364	1,028,636
Pakistan	9,201,608	5,351,790	8,343,618	1,807,446
South Africa	1,051,077	1,548,800	940,773	520,069
West Africa (Br.)	—	—	922,563	396,106
West Indies (Br.)	2,800	2,986	642,918	724,443
Br. Commonwealth, Other	3,814,605	2,982,509	1,526,776	645,354
Austria	301,116	529,423	—	—
Belgium	6,266,751	3,030,336	602,093	342,075
Burma	2,472,664	583,304	517,745	1,177,959
Central America	3,878,584	191,455	515,081	662,442
China, North	33,604,446	30,607,649	92,526,390	62,301,540
„ Middle	20,367,494	9,023,068	22,303,269	43,589,980
„ South	43,569,116	6,967,125	62,562,217	18,125,149
Czechoslovakia	1,943,041	1,213,395	—	—
Denmark	428,820	326,372	533,722	330,090
Egypt	—	28,564	759,071	524,959
Finland	98,000	615,700	—	4,096
France	5,193,003	3,717,776	2,175,741	772,308
French Indochina	1,635,035	2,435,337	1,577,026	1,278,022
Germany	5,011,267	870,493	2,032,929	1,625,383
Holland	10,283,638	5,156,334	1,290,377	6,619,503
Iraq	—	—	80,278	34,911
Italy	7,353,029	2,897,983	1,682,707	669,537
Japan	55,632,985	4,347,480	8,528,477	7,460,896
Korea (North)	—	2,990,274	—	6,423,034
„ (South)	—	2,104,431	246,851	4,579,617
Macao	8,682,133	7,663,032	14,167,642	34,038,285
Norway	631,998	2,276,479	571,489	450,986
Oman	55,073	18,900	67,855	188,651
Persia	1,746,460	916,018	16,840	66,456
Philippines	1,107,041	786,556	7,802,067	12,141,272
Poland	152,103	403,486	—	—
Portugal	157,668	54,267	184,676	1,143
Port. East Africa	—	—	168,834	198,803
South America	2,692,939	184,800	1,157,714	274,803
Spain	39,728	30,122	—	—
Sweden	1,727,736	3,591,984	195,574	679,521
Switzerland	6,617,909	5,350,039	929,273	160,779
Thailand	8,838,833	10,433,592	4,842,335	3,338,459
Turkey	822,920	—	251,466	62,716
U. S. A.	75,554,362	60,557,726	20,092,515	23,808,323
Indonesia	7,427,048	6,199,126	13,207,006	2,858,583
U. S. S. R.	—	70,000	—	—
Others	1,275,471	3,952,104	1,012,177	3,406,111
TREASURE				
United Kingdom	—	—	1,879,413	1,041,676
North Borneo (Br.)	—	—	64,332	22,425
China, Middle	—	—	—	2,686,407
„ South	—	447,000	—	258,000
Macao	175,615	226,800	—	—
Philippines	—	10,863,400	—	—
Thailand	—	—	16,000	—
U. S. A.	—	—	187,320	2,913,863
TOTAL MERCHANDISE	436,162,244	286,665,075	377,778,457	279,429,964
TOTAL TREASURE	175,615	11,537,200	2,147,065	6,922,371
GRAND TOTAL	436,337,859	298,202,275	379,925,522	286,352,335

HONGKONG'S TRADE FOR 1950

TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES

Countries	IMPORTS Jan.-Dec. 1950	IMPORTS Jan.-Dec. 1949	EXPORTS Jan.-Dec. 1950	EXPORTS Jan.-Dec. 1949
MERCHANDISE	$	$	$	$
United Kingdom	404,712,710	387,704,877	168,283,403	139,697,813
Australia	79,271,895	65,762,220	39,542,220	37,569,532
Canada	50,034,128	57,707,940	10,158,309	14,967,268
Ceylon	2,028,734	1,862,132	9,623,256	5,678,074
East Africa (Br.)	4,164,917	2,455,983	9,431,829	15,785,183
India	168,112,374	90,346,595	23,235,816	38,175,003
Malaya (Br.)	300,212,826	108,192,216	542,795,840	240,042,182
New Zealand	1,092,681	1,877,846	3,732,026	3,099,780
North Borneo (Br.)	11,794,238	12,241,873	14,788,146	9,857,754
Pakistan	93,651,605	33,114,682	131,582,087	54,095,263
South Africa	13,054,532	25,394,570	13,184,796	14,339,887
West Africa (Br.)	57,008	43,159	8,861,949	6,568,422
West Indies (Br.)	27,931	79,306	9,510,091	5,396,390
Br. Commonwealth, Other	39,676,724	42,574,515	14,708,810	10,689,461
Austria	7,632,103	4,509,096	82,723	17,816
Belgium	32,938,934	17,168,844	15,516,406	6,622,589
Burma	17,903,383	18,403,904	23,318,447	17,976,756
Central America	10,260,123	1,685,781	8,605,520	5,625,501
China, North	355,740,833	233,399,455	677,204,476	287,594,271
„ Middle	136,138,080	58,041,805	361,321,427	158,072,320
„ South	366,072,050	301,453,817	422,616,375	139,200,932
Czechoslovakia	12,163,664	8,599,317	48	1,815
Denmark	4,469,524	3,174,181	9,879,730	4,799,576
Egypt	711,261	2,734,142	8,786,924	4,077,928
Finland	3,672,180	3,015,539	56,085	61,722
France	44,161,849	33,600,386	12,512,080	12,949,110
French Indochina	30,189,712	21,508,457	22,602,526	19,654,104
Germany	37,516,894	7,790,403	48,865,500	16,806,117
Holland	55,310,783	43,176,204	43,175,561	19,136,725
Iraq	10,000	—	360,139	1,911,574
Italy	39,250,570	26,010,780	21,025,901	8,322,527
Japan	229,985,517	80,832,968	120,681,944	70,137,251
Korea (North)	19,219,169	54,737,546	7,777,032	49,480,309
„ (South)	22,970,836	37,180,346	23,028,614	74,342,313
Macao	104,405,096	77,647,732	208,382,885	268,542,272
Norway	18,894,398	19,192,454	6,185,222	5,441,654
Oman	306,673	187,214	724,666	3,231,559
Persia	2,793,778	7,711,266	297,743	483,416
Philippines	16,592,107	15,687,494	82,545,312	103,736,143
Poland	3,495,342	2,861,632	—	—
Portugal	1,415,552	1,177,258	1,084,262	99,305
Port. East Africa	1,151,460	89,654	1,740,248	3,061,426
South America	6,587,149	3,929,896	17,399,967	4,632,715
Spain	618,729	509,384	587,493	190,487
Sweden	24,152,817	22,084,922	8,073,730	3,972,680
Switzerland	69,654,555	56,666,850	4,202,343	1,772,497
Thailand	182,133,355	110,189,000	98,475,031	115,842,678
Turkey	1,015,898	1,924,316	2,004,631	1,382,441
U. S. A.	655,258,165	575,396,086	308,690,819	234,405,751
Indonesia	80,097,770	39,008,108	122,721,634	55,668,529
U. S. S. R.	955,952	1,913,317	—	1,898,628
Others	23,923,089	27,047,597	25,580,351	21,895,541
TREASURE				
United Kingdom	4,377	26,035,387	19,239,762	7,797,940
Australia	—	2,620	—	—
Canada	—	—	22,500	—
Malaya (Br.)	—	424,800	—	4,132
North Borneo (Br.)	—	—	334,632	22,425
Br. Commonwealth, Other	—	1,616,700	—	—
Burma	—	224,000	—	—
Central America	—	3,808,640	—	—
China, North	110,000	2,482,385	—	43,352,524
„ Middle	146,000	—	5,461,409	11,559,033
„ South	10,272,832	447,000	20,311	85,015,775
France	—	1,620,000	—	—
Italy	—	—	—	1,010,000
Korea (North)	—	457,424	—	—
„ (South)	—	5,360	—	—
Macao	4,770,892	316,400	—	21,321
Philippines	—	10,863,400	—	—
Thailand	—	—	1,019,694	180,105
U. S. A.	10,300	107,104,959	15,177,519	6,448,324
TOTAL MERCHANDISE	3,787,661,653	2,749,605,065	3,715,552,373	2,319,010,984
TOTAL TREASURE	15,314,401	155,409,075	41,275,827	155,411,579
GRAND TOTAL	3,802,976,054	2,905,014,140	3,756,828,200	2,474,422,563

Hongkong Department of Commerce & Industry

Japanese Trade (Open Account)

The volume of applications for import licences from Japan continued to increase at such a rate that it became necessary as from December 27 to limit licences to foodstuffs and raw materials and building materials for internal use.

Import licences were issued to a total value of US$17,937,000; Letters of Authority established by Japan in respect of exports totalled US$6,812,-000. Imports received were valued at US$9,909,000 and exports effected totalled US$2,392,000. The total volume of trade through the Open Account during 1950 was approximately US$85½ millions.

Revenue

Revenue collection was up again by about $900,000. There were increases in nearly all items, no doubt due to the festive season.

Considerable Chinese tobacco was seized in the New Territories, although the total seizures of tobacco were less than previous month. Seizures of cigarettes likewise decreased to a figure of 303,420 pieces.

A total of ninety illicit stills were found. One found at the Ha Kwai Chung, New Territories was an elaborate affair capable of producing liquor in large quantities.

There were two fairly large seizures of dutiable Chinese medicines resulting from the tracing of small quantities which came ashore from a Macao steamer. Arrests and convictions were secured in both cases.

Following a lengthy lull there were several cases of illegal import of gold from Macao during the last week in December. Two cases (one of attempted export in October) involving large quantities of gold are pending.

Revenue

Revenue collected under the following subheads amounted to: (last month's figures are given for comparison)

	December $	November $
Local European Liquor	45,308.36	81,200.60
Local Native Liquor	474,321.28	356,170.24
Imported European Liquor	1,174,748.86	1,085,657.86
Imported Native Liquor	58,920.59	50,669.61
P. M. & T. P.	383,912.11	322,107.18
Table Water	37,363.12	80,809.01
Tobacco	3,066,316.39	2,601,602.11
Hydrocarbon Oils	1,634,365.93	1,561,696.48
Licences	195,710.76	80,259.10
	7,070,966.50	6,170,172.19
Duty from American Cigarettes	$ 625,939.44	$ 602,282.10

Import and Export Control

Import Licences issued totalled 2,822 and Export Licences 10.697 a grand total of 13,519.

On the 1st December many further articles were declared prohibited Exports under the Exportation

(Prohibition) (Specified Articles) (No. 2) Order 1950. These articles comprised all types of military equipment and ranged from aircraft to gun rifling machines and poisonous gases. The list was still further extended on the 22nd December by Order No. 3 with the addition of Water Bottles (military type), steel helmets and Radio transmitters.

The staff working on export control has been augmented, and this applies in particular to Kowloon Railway Station where the search of trains has been intensified.

The month's seizures of oil showed a gratifying increase, and amounted to 4,059 gallons of Diesel Oil, 331½ gallons of Lubricating Oil, 315 gallons of Kerosene, 100 gallons of Petrol and 21 drums of Lubricating Grease. In addition 188 drums of various oils which had been seized in the previous month were confiscated to the Crown.

A Revenue Inspector has been attached to the Industry Section for the purpose of checking Essential Commodity Certificate applications, and other Revenue Officers are checking inward manifests of ocean going vessels as soon as they arrive.

Industry

Imperial Preference Certificates and Certificates of Origin issued totalled 2,124.

Early in the month the United States placed an embargo upon shipments to Hongkong and as a result local industry was faced with its most serious crisis of the year.

Details of the extent of the ban were not immediately available and it was decided in the first instance to prepare and issue special Essential Supplies Certificates covering requirements of factories and the building industry in the hope that they would be acceptable to the United States Authorities. Similar certificates in respect of Canada, Japan and the United Kingdom were also issued.

Towards the end of the month great anxiety was felt in regard to various essential cargoes—the most important of which was Pakistan raw cotton—which had been shipped by United States vessels due in the Colony before the new year, but fortunately most were released for delivery to the factories concerned.

Information previously on record as to raw material requirements of local industry covered only the larger type factories but owing to the seriousness of the situation it was considered that a complete survey of raw material requirements should be made without delay. Accordingly circulars were issued to 2,435 factories, work-shops. etc. in the Colony calling upon them to render details of their requirements and existing stocks. These returns will be checked and tabulated at an early date.

British Industries Fair

Regular meetings of the British Industries Fair Committee have been held throughout the past month, and plans for Hongkong's participation in the Empire Section at Earl's Court are now well advanced. Late in the month, Mr. E.G.A. Grimvood, London Agent of the Hongkong Government, arrived in the Colony, and has been in close consultation with the British Industries Fair Committee on questions concerning the Hongkong stall. Since all the final details must of necessity be dealt with by the London Office, Mr. Grimwood's personal contact with the British Industries Fair Committee is of invaluable assistance in ensuring that Hongkong's products will be exhibited to the best advantage at the forthcoming Fair.

Applications for inclusion in the classified directory of exhibitors are coming in fast, and there is a possibility that the Committee's expectation of 200 entries will be exceeded.

Hongkong Chinese Manufacturers' Union Exhibition

On December 14th, the 8th annual Exhibition of Chinese products, sponsored by the Hongkong Chinese Manufacturers' Union, was opened. The range and quality of the goods on display showed a marked improvement over the previous year, and reflected the rapid expansion of local industry. Should this Exhibition continue to expand at the present rate, it is probable that a larger and more suitable site will have to be found.

Price Control

The general increase in the price level for imported goods continues, but the cost of living for the non-European population appears to have remained steady, thanks largely to the maintenance of the price of rice, meat and vegetables.

It seems improbable that the American embargo against the Colony will have any direct effect on the food situation, as food supplies are largely obtained from Australia.

Eleven summonses for breaches of the Price Control Order were heard in the Courts, resulting in fines totalling $3,600.

HONGKONG'S TRADE FOR DECEMBER 1950

TOTAL VALUES OF IMPORTS & EXPORTS BY CHAPTERS

Articles	IMPORTS December 1950	IMPORTS December 1949	EXPORTS December 1950	EXPORTS December 1949
	$	$	$	$
Live animals, chiefly for food	3,581,261	3,929,010	1,670	41,920
Meat and preparations thereof	1,882,000	1,508,200	2,099,778	1,309,902
Dairy products, eggs and honey	9,005,426	5,378,730	3,339,992	2,814,795
Fishery products, for food	10,463,252	11,289,537	6,332,847	7,824,319
Cereals	9,589,323	975,803	7,449	1,882,484
Manufactured products of cereals, chiefly for human food	7,165,961	10,955,892	2,820,123	7,637,239
Fruits and nuts, except oil-nuts	7,843,437	7,130,026	4,399,455	4,377,957
Vegetable, roots & tubers, chiefly used for human food & their preparations, n.e.s.	6,169,112	6,046,509	8,633,812	9,028,801
Sugar and sugar confectionery	25,215,677	4,472,785	4,592,705	1,887,310
Coffee, tea, cocoa and preparations thereof; spices	3,110,971	6,209,999	2,466,094	4,465,249
Beverages and vinegars	2,824,836	2,476,204	1,208,495	1,451,471
Feeding stuffs for animals, n.e.s.	312,093	1,427,523	1,443,985	1,884,389
Tobacco	3,395,374	7,853,454	2,573,683	3,817,996
Oil-seeds, nuts & kernels	12,900,460	10,038,838	3,870,317	4,885,737
Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s.	18,701,587	4,770,770	13,928,340	7,854,918
Chemical elements and compounds; pharmaceutical products	44,021,542	22,399,391	36,133,890	14,529,751
Dyeing, tanning & colouring substances (not including crude materials)	20,134,838	6,772,098	13,874,338	10,800,604
Essential oils, perfumery, cosmetics, soaps and related products	3,883,815	2,870,521	2,227,662	1,971,911
Fertilizers	2,045,698	2,905,441	2,977,444	2,922,995
Rubber and manufactures thereof, n.e.s.	40,612,596	5,122,851	54,987,346	4,682,710
Wood, cork and manufactures thereof	6,091,938	7,127,063	1,469,047	1,128,758
Pulp, paper & cardboard manufactures thereof	9,211,102	10,891,228	8,050,584	11,081,322
Hides & skins & leather	2,994,359	2,464,005	2,234,109	1,539,057

HONGKONG'S TRADE FOR 1950

TOTAL VALUES OF IMPORTS & EXPORTS BY CHAPTERS

Articles	IMPORTS 1950	IMPORTS 1949	EXPORTS 1950	EXPORTS 1949
	$	$	$	$
Live animals, chiefly for food	42,011,117	42,719,714	73,956	52,695
Meat and preparations thereof	16,656,674	11,190,587	8,103,871	6,911,337
Dairy products, eggs and honey	75,891,583	64,184,415	42,636,082	36,721,283
Fishery products, for food	72,862,344	78,717,007	50,268,043	38,010,389
Cereals	166,264,106	69,352,604	13,785,982	8,102,170
Manufactured products of cereals, chiefly for human food	72,667,060	77,219,541	60,286,621	57,003,127
Fruits and nuts, except oil-nuts	68,445,549	49,720,745	41,473,294	32,334,972
Vegetable, roots & tubers, chiefly used for human food & their preparations, n.e.s.	90,854,491	66,752,681	102,383,445	83,357,106
Sugar and sugar confectionery	114,293,591	50,014,341	68,510,024	29,949,953
Coffee, tea, cocoa and preparations thereof; spices	40,315,176	29,156,621	42,526,298	24,813,441
Beverages and vinegars	30,231,559	24,015,851	15,508,917	14,142,893
Feeding stuffs for animals, n.e.s.	40,578,813	26,322,703	38,308,039	33,521,691
Tobacco	70,028,858	62,344,288	41,420,872	32,682,508
Oil-seeds, nuts & kernels	78,364,288	43,745,587	56,788,943	38,227,663
Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s.	222,928,927	114,374,589	217,280,989	150,705,221
Chemical elements and compounds; pharmaceutical products	263,245,025	149,854,704	250,869,177	99,282,111
Dyeing, tanning & colouring substances (not including crude materials)	104,164,179	58,863,756	112,583,010	64,768,603
Essential oils, perfumery, cosmetics, soaps and related products	31,581,319	25,628,250	23,422,106	14,550,766
Fertilizers	40,375,771	21,304,138	57,883,788	18,081,216
Rubber and manufactures thereof, n.e.s.	234,185,531	49,857,974	236,146,124	47,885,502
Wood, cork and manufactures thereof	63,284,765	50,198,942	15,252,494	12,039,619
Pulp, paper & cardboard & manufactures thereof	101,636,205	96,554,344	92,574,619	96,317,745
Hides & skins & leather	27,909,408	26,090,522	25,054,461	19,260,961

Manufactures of leather, not including articles of clothing	78,529	242,123	926,656	541,878
Furs, not made up	71,624	13,825	128,147	144,967
Textile materials, raw or simply prepared	20,232,598	8,348,174	8,543,444	23,111,939
Yarns and threads	20,264,972	19,724,526	7,632,940	16,841,221
Textile fabrics and small wares	40,662,380	26,509,924	44,658,076	24,541,320
Special & technical textile articles	1,444,223	964,519	1,133,162	592,482
Clothing & underwear of textile materials; hats of all materials	4,080,925	2,899,293	19,849,691	7,961,474
Clothing of leather & fur	15,334	21,439	690	4,444
Footwear: boots, shoes & slippers	186,949	253,344	1,796,388	2,464,714
Made-up articles of textile materials other than clohing	2,341,440	11,798,771	5,519,503	16,763,362
Products for heating, lighting & power, lubricants & related products, n.e.s.	9,976,999	16,754,966	2,609,833	13,302,796
Non-metallic minerals, crude or simply prepared, n.e.s.	2,258,572	1,349,740	2,259,691	746,467
Pottery and other clay products	775,439	797,287	1,002,756	571,773
Glass and glassware	1,008,228	940,518	1,177,968	674,404
Manufactures of non-metallic minerals, n.e.s.	712,701	420,526	663,652	251,331
Precious metals & precious stones, pearls & articles made of these materials	755,207	2,662,286	650,801	720,172
Ores, slag, cinder	60,400	82,136	986,638	931,707
Iron and steel	21,420,602	6,571,407	20,230,411	5,658,912
Non-ferrous base metals	4,043,356	2,765,100	3,560,900	4,697,145
Manufactures of base metals, n.e.s.	7,237,375	4,955,568	15,495,744	11,065,691
Machinery, apparatus and appliances other than electrical, n.e.s.	7,659,532	5,497,281	6,720,286	2,033,640
Electrical machinery, apparatus and appliances	4,826,912	4,360,020	6,463,443	2,321,834
Vehicles and transport equipment, n.e.s.	3,845,748	4,014,634	5,775,844	2,809,077
Miscellaneous crude or simply prepared products, n.e.s.	12,533,952	8,041,169	15,189,048	21,769,490
Manufactured articles, n.e.s.	18,511,689	11,660,621	25,129,580	9,086,120
TOTAL MERCHANDISE	436,162,244	286,665,075	377,778,457	279,429,964
GOLD AND SPECIE	175,615	11,537,200	2,147,065	6,922,371
GRAND TOTAL	436,337,859	298,202,275	379,925,522	286,352,335

Manufactures of leather, not including articles of clothing	1,383,056	1,385,915	7,273,534	5,320,089
Furs, not made up	1,362,190	2,382,563	3,192,626	4,892,561
Textile materials, raw or simply prepared	209,908,354	90,846,190	204,927,634	111,475,182
Yarns and threads	143,098,660	114,875,244	216,939,177	135,764,466
Textile fabrics and small wares	320,126,111	230,357,836	337,553,480	205,504,218
Special & technical textile articles	14,294,625	9,539,813	13,955,311	6,600,378
Clothing & underwear of textile materials; hats of all materials	34,454,969	26,190,010	162,524,485	84,674,420
Clothing of leather & fur	162,053	179,764	18,922	45,959
Footwear: boots, shoes & slippers	2,067,093	1,688,947	29,502,047	22,366,591
Made-up articles of textile materials other than clothing	55,692,002	59,655,078	87,795,060	82,488,145
Products for heating, lighting & power, lubricants & related products, n.e.s.	139,608,812	156,652,798	85,540,689	78,188,324
Non-metallic minerals, crude or simply prepared, n.e.s.	19,638,714	19,067,706	11,922,880	6,281,127
Pottery and other clay products	11,890,309	11,287,937	10,811,851	8,820,189
Glass and glassware	9,540,768	12,691,852	9,777,183	10,368,654
Manufactures of non-metallic minerals, n.e.s.	5,812,786	4,032,675	4,305,423	1,774,232
Precious metals & precious stones, pearls & articles made of these materials	11,982,758	39,802,045	6,847,930	6,017,676
Ores, slag, cinder	1,030,401	27,804,849	29,343,744	27,207,904
Iron and steel	135,012,186	70,630,720	124,066,046	37,702,387
Non-ferrous base metals	42,813,268	54,492,182	53,496,322	56,517,292
Manufactures of base metals, n.e.s.	65,538,149	63,617,074	136,895,653	119,792,987
Machinery, apparatus and appliances other than electrical, n.e.s.	77,985,544	78,120,001	66,042,552	18,997,695
Electrical machinery, apparatus & appliances	59,784,328	57,189,604	41,561,975	23,438,475
Vehicles and transport equipment, n.e.s.	47,512,226	54,083,283	42,376,418	24,345,834
Miscellaneous crude or simply prepared products, n.e.s.	141,766,337	127,738,306	218,542,299	170,866,193
Manufactured articles, n.e.s.	166,419,615	147,108,769	197,197,977	110,837,034
TOTAL MERCHANDISE	3,787,661,653	2,749,605,065	3,715,552,373	2,319,010,984
GOLD AND SPECIE	15,314,401	155,409,075	41,275,827	155,411,579
GRAND TOTAL	3,802,976,054	2,905,014,140	3,756,828,200	2,474,422,563

Hongkong Manufactured Goods Exported during December 1950

Goods manufactured in Hongkong and exported under Imperial Preference Certificate and Certificate of Origin during December amounted in value to HK$16,087,261, an increase of $825,987 above the figures for November.

For the first time in months cotton yarn, with exports amounting in value to $2.43 million, took second place while cotton piece goods lead with shipments to the value of $4.05 million. Knitting ware came third on the list with exports valued at $2.11 million, and rubber shoes rose to $1.51 million, while shirts & clothing and enamelwares followed with amounts of $1.2 million and $1.05 million respectively.

Principal Local Manufactures Exported under I.P. Certificate & Cert. of Origin

	Cotton Yarn $ m.	Shirts etc. $ m.	Knitted wares $ m.	Rubber Shoes $ m.	Cotton Pce. Gds. $ m.	Enamel wares $ m.	Flashlights $ m.
1949							
Monthly average	0.24	0.50	0.64	1.11	1.53	0.72	0.52
1950							
Monthly average	5.24	1.28	1.70	1.25	1.64	0.89	0.90
January	0.50	0.62	2.07	1.97	1.03	0.69	0.34
February	1.51	0.52	1.87	1.31	0.81	0.52	0.52
March	0.38	1.28	2.66	2.31	0.72	0.64	0.65
April	1.53	2.69	3.51	2.05	0.95	1.71	0.82
May	0.48	3.08	2.13	1.23	1.06	0.99	0.60
June	3.35	1.41	1.27	0.56	1.11	1.33	1.12
July	20.47	0.71	0.66	0.58	1.99	0.66	0.96
August	14.72	0.56	0.89	0.76	2.65	0.83	2.15
September	7.56	0.99	0.81	0.99	1.77	0.76	1.23
October	5.58	1.02	0.85	0.95	1.43	0.96	0.85
November	3.86	1.14	1.33	0.78	2.12	1.11	0.92
December	2.43	1.21	2.11	1.52	4.05	1.05	0.64

The United Kingdom displaced Pakistan in December with goods amounting to $4.21 million as against the latter's $2.98 million. Indonesia came third with goods valued at $1.05 million, a significant increase against the November figure of $61,631:

Exports Under I.P. Certificates and Certificates of Origin for Dec., 1950

	$
United Kingdom	4,215,268
Pakistan	2,979,881
North Europe	533,065
Australia	629,239
New Zealand	264,993
Br. West Indies	461,763
Central America	91,050
Union of South Africa	790,832
Br. East Africa	788,031
Br. West Africa	954,186
Port. East Africa	113,620
Egypt	75,577
Malaya	1,289,817
Iraq	25,798
Br. North Borneo	126,492
India	170,384
Ceylon	490,261
Thailand	69,745
Syria	148,357
Burma	88,996
Br. Commonwealth, Other	374,358
Indonesia	1,047,900
Philippine Islands	357,649
Total	$16,087,261

Countries to which the principal manufactures were despatched from Hongkong in December are shown in the accompanying table. In cotton piece goods, the United Kingdom came first in quantity, taking 968,567 yards valued at $1.02 million, whereas Indonesia took first place for value, taking 350,000 yards valued at $1.05 million.

Cotton yarn, as in previous months, went almost entirely to Pakistan, or 1417 bales at $2.39 million. Rubber shoes went primarily to the United Kingdom, i.e., 264,490 pairs at $685,517, and North Europe 189,908 pairs at $467,622. Enamelware went chiefly to British West Africa with 68,437 dozen valued at $473,076, Pakistan with 46,335 doz. at $237,457 and British East Africa with 24,381 doz. at $146,569.

Cotton Piece Goods

	Quantity yds.	Value HK$
United Kingdom	968,567	1,019,221
Australia	297,152	530,282
Br. West Indies	23,720	31,282
Union of South Africa	157,434	210,142
Br. East Africa	21,664	75,074
Port. East Africa	4,000	6,400
North Borneo	16,320	26,560
Malaya	412,718	549,627
New Zealand	87,200	125,790
North Europe	1,100	3,740
Pakistan	55,000	62,272
Indonesia	350,000	1,047,900
Philippines	151,000	357,649
Total	2,545,876	$4,045,739

Cotton Yarn

	Bales	
Burma	33	39,073
Pakistan	1,417	2,393,644
Total	1,450	$2,432,717

Knitted Ware

	Doz.	
United Kingdom	81,740	1,678,675
Australia	200	4,000
Br. West Indies	7,050	116,569
Central America	630	11,116
Union of South Africa	425	12,495
Br. East Africa	1,875	28,132
Br. West Africa	850	16,210
Ceylon	250	34,800
North Borneo	658	16,753
Malaya	5,065	131,887
Br. Commonwealth Other	995	29,628
Syria	1,250	22,500
Pakistan	610	7,800
Total	101,598	$2,110,565

Rubber Shoes

	Pairs	
United Kingdom	264,490	685,517
Australia	1,816	9,095
Br. West Indies	25,226	69,184
Central America	3,820	13,107
Br. East Africa	2,400	4,120
Br. West Africa	60,130	159,474
Egypt	9,405	27,559
Ceylon	6,240	5,147
Iraq	384	1,756
Br. Commonwealth Other	6,240	13,545
New Zealand	4,280	18,550
Syria	7,000	36,184
Burma	1,264	4,593
North Europe	189,908	467,622
Pakistan	190	642
Total	582,793	$1,515,999

Shirts and Clothing

	Doz.	
United Kingdom	9,756	334,169
Australia	80	4,000
Br. West Indies	345	17,830
Central America	258	12,455
South Africa	3,464	167,912
Br. East Africa	8,680	442,167
Br. West Africa	713	40,526
Port. East Africa	200	9,275
Ceylon	595	47,917
Malaya	290	15,650
Br. Commonwealth Other	1,721	113,795
Total	26,102	$1,205,696

Enamel Ware

	Doz.	
Br. West Indies	2,878	1,697
Central America	1,087	6,623
South Africa	4,375	23,480
Br. East Africa	24,381	146,569
Br. West Africa	68,437	473,076
Port. East Africa	5,750	61,598
Egypt	4,575	40,433
Ceylon	3,700	17,911
North Borneo	2,000	13,892
Br. Commonwealth Other	1,696	25,670
Pakistan	46,335	237,457
Total	165,214	$1,047,306

Imperial Preference Certificates and Certificates of Origin Issued During Dec., 1950

		HK$
Cotton Piece Goods	2,545,876 yds.	4,045,739
Cotton Yarn	1,450 bales	2,432,717
Knitting Ware	101,598 doz.	2,110,565
Rubber Shoes	582,793 pairs	1,515,999
Shirts and Clothing	26,102 doz.	1,205,696
Enamel Wares	165,214 doz.	1,047,306
Flashlight Torches	40,550 doz.	604,116
Silk & Mill (Art.)	123,579 yds.	325,049
Socks	37,726 doz.	305,674
Towels (Cotton)	5,116 doz.) 122,950 yds.)	268,709
Embroidery	4,425 doz.) 2,029 sets)	177,983
Umbrellas	4,622 doz.	176,690
Buttons	9,112 gt. grs.	171,046
Camphor Tablets & Powder	36,560 lbs.	123,128
Matches	8,892,000 boxes	122,600
Watch Bands	11,153 doz.	119,983
Proprietary Medicines	479 lbs.) 32,296 doz.)	106,770
Ground Nut Oil	55,700 catties	103,385
Bulbs for Flashlights	2,307,300 pcs.	99,090
Handkerchiefs	17,617 doz.	82,587

		HK$
Vacuum Flasks	1,066 doz.	57,085
Leather Shoes	6,722 pairs	54,724
Leather Ware	4,778 doz.	53,102
Cigarettes	115 cases	52,938
Kerosene Lamps	2,550 doz.	51,465
Printed Cloth	27,350 yds.	46,018
Batteries	19,780 doz.	44,070
Cosmetic & Perfumery	14,104 doz.	43,265
Canning & Preserving	19,579 lbs.	42,066
Glass Ware	8,359 doz.) 1,620 gross)	38,563
Hats & Caps	3,296 doz.	35,336
Plastic Ware	35 gross) 2,790 doz.)	35,419
Ropes	23,515 lbs.	32,783
Toys	3,735 doz.	32,577
Mosquito Destroyers	78,000 boxes	32,179
Aluminium Ware	2,138 doz.	28,234
Pencils	2,616 gross	26,246
Feather	6,928 pcls.	24,447
Needles	7,050,000 pcs.	23,201
Ginger	40,357 lbs.	22,225
Shoes Laces	4,200 grs. prs.	20,590
Tooth Brushes	316 gross	17,059
Rattan Ware	12 bales) 113 pcs.) 30 crates)	16,206
Iron, Charcoal	345 doz.	15,859
Table-Cloth & Bed Cover	132 doz.	14,242
Machinery	7 Nos.	14,110
Mats & Matting	240 bales	13,850
Rattan Cane & Peel	64 bales	12,445
Hard Ware	1,309 doz.) 3,089 gross)	12,286
Paints, Varnish & Lacquer	4,660 lbs.	9,848
Camphor Chest	138 pcs.	7,804
Ivory Ware	128 doz.	3,221
Preserved Meat	280 catties	2,844
Hurricane Lanterns	38 doz.	1,338
Tea	244 lbs.	1,106
Gourmet Powder	23 doz.	1,028
Bean Sticks	602 lbs.	1,016
Electrical Accessories	160 doz.	860
Candles	500 doz.	624
Rain Coats	3 doz.	600
Total		$16,087,261

Trade of Hongkong with Countries in East Asia

For November 1950

Imports

Sources	November, 1950 $	% of Total Trade
Burma	3,450,696	.81
Ceylon	70,589	.02
Fr. Indochina ..	1,990,324	.46
India & Pakistan	19,644,510	4.60
Malaya	75,880,872	17.76
Philippines	1,959,071	.46
Thailand	22,905,312	5.36
Indonesia	7,678,300	1.80
Total South East Asia Region	133,579,674	31.27
North China (incl. Manchuria) ..	27,884,023	6.53
Middle China ..	17,162,367	4.02
South China ...	41,834,296	9.79
Total North East Asia Region	86,880,686	20.34
Total Trade of Hongkong .	427,173,863	100.00

Exports

Destinations	November, 1950 $	% of Total Trade
Burma	724,682	.16
Ceylon	1,446,446	.33
Fr. Indochina ..	1,727,996	.39
India & Pakistan	14,847,560	3.35
Malaya	77,191,852	17.44
Philippines	8,420,254	1.90
Thailand	10,116,620	2.29
Indonesia	13,200,025	2.98
Total South East Asia Region	127,675,435	28.84
North China (incl. Manchuria) ..	102,846,976	23.23
Middle China ..	34,143,165	7.71
South China ...	61,451,517	13.88
Total North East Asia Region	198,634,313	44.86
Total Trade of Hongkong .	442,703,957	100.00

EXPORTS OF HONGKONG MANUFACTURED GOODS FOR 1950

For the year 1950, exports of Hongkong manufactured goods under Imperial Preference Certificate and Certificate or Origin reached a total of HK$ 196,573,635 (£12,285,852 or US$33,892,-006). These figures do not include shipments to countries not requiring such certificates.

As shown in the accompanying table, July and August were the best months for shipments abroad of local manufactures, exports of cotton yarn to Pakistan being almost entirely responsible for the increase; February was the lowest month with shipments barely exceeding $9 million.

1950	
January	$ 9,704,802
February	9,060,934
March	11,733,148
1st Quarter	30,498,884
April	16,221,142
May	13,870,679
June	15,051,419
2nd Quarter	45,143,240
July	30,108,909
August	26,784,997
September	17,645,678
3rd Quarter	74,538,684
October	15,044,292
November	15,261,274
December	16,087,261
4th Quarter	46,392,827

Of the commodities exported, cotton yarn took first place with shipments to the value of $62,877,478, mainly taken by Pakistan, knitted wares came second with $20,478,719, cotton piece goods were third with $19,725,376, shirts and clothing fourth with $15,458,317 and rubber shoes fifth with $15,017,400.

The seven manufactures mentioned above, with shipments valued at $155,-139,243, took 78.9% of the exports in 1950 under Imperial preference certificate and certificate of origin. For cotton yarn the second half of the year brought boom conditions with Pakistan buying heavily; there was also a great revival of interest in locally-made cotton piece goods in the latter half of 1950, with Shanghai textiles more or less out of the market. Flashlight torches increased sales from June to September, though latterly there was a decline. For knitted wares, shirts & clothing and rubber shoes, however, the second half of the year brought a falling off in sales abroad; rubber manufactures in particular being so hardly hit by the high rates charged for rubber, combined with the necessity for keeping prices low in order to retain a market in Great Britain, that two of the largest factories were obliged temporarily to close down. Enamelware kept on an even keel throughout the year, although at the close the inclusion of Hongkong by the United States in the embargo on exports of blackplate to China, — this being the basis of the manufacture of enamelware, — has made it difficult for the makers to plan ahead.

	Jan.-June $	July-Dec. $	Total $
Cotton yarn ..	8,255,664	54,621,814	62,877,478
Knitted wares	13,652,759	6,825,960	20,478,719
Cotton piece goods	5,711,628	14,013,748	19,725,376
Shirts & clothing ..	9,625,768	5,832,549	15,458,317
Rubber shoes .	9,441,967	5,575,433	15,017,400
Flashlights ..	4,056,405	6,782,852	10,839,257
Enamelware ..	5,371,081	5,371,615	10,742,696

Pakistan was the principal purchaser of goods manufactured in the Colony, shipments to that country being valued at $65.85 million composed principally of cotton yarn; the United Kingdom came next with importations totalling $45.48 million, while Malaya was third with goods valued at $12.54 million.

Locally Manufactured Goods Exported Under I.P. Cert. & Cert. of Origin for the Year, 1950

	$
United Kingdom	45,485,131
North Europe	2,402,842
Australia	8,388,889
New Zealand	1,483,717
British West Indies	8,892,501
Central America	1,628,172
Union of South Africa	7,804,162
British East Africa	4,929,171
British West Africa	9,384,532
Portuguese East Africa	1,591,981
Egypt	1,406,617
Malaya	12,547,245
Iraq	84,723
British North Borneo	1,214,927
India	4,521,005
Ceylon	5,360,179
Thailand	2,038,039
Syria	823,732
Burma	862,356
Pakistan	65,855,163
Br. Commonwealth, Other	7,585,859
Indonesia	1,475,664
Philippine Islands	394,995
China	19,033
Total	$196,573,635

Local Manufactured Goods Exported under I.P. Certificates and Certificates of Origin For the Year, 1950

		HK$
Cotton Yarn	49,769 bales	62,877,473
Knitted Ware	1,064,166 doz.	20,478,699
Cotton Pce. Goods	15,332,319 yds.	19,725,376
Shirts & Clothing	284,606 doz.	15,458,377
Rubber Shoes	6,630,679 pairs	14,997,400
Flashlight	601,399 doz.	10,779,257
Enamelled Wares	1,895,036 doz.	10,742,696
Towels (Cotton)	325,606 doz.) 612,816 yds.)	4,061,140
Matches	141,546,600 boxes	2,970,748
Silk & Mill (Art.)	884,448 yds.	2,753,539
Buttons	446,978 gt. grs.	2,311,885
Socks	328,046 doz.	2,122,184
Umbrellas	64,439 doz.	1,865,202
Bulbs for Flashlight	35,027,970 pcs.	1,742,160
Camphor Tablets & Powder	440,862 lbs.	1,394,538
Watch Bands	108,695 doz.	1,221,193
Firecrackers	16,161 cases	1,182,500
Cigarettes	1,843 cases	1,058,834
Kerosene Lamps	36,714 doz.	1,014,324
Proprietary Medicine & Chinese Raw Medicine	367,958 doz.) 5,000 boxes) 22,604 lbs.) 65,000 bottles)	1,011,027
Printed Paper	219,768,918 pcs.) 50,009 sets)	958,626
Toys	150 grs.) 92 sets) 244,016 doz.)	943,270
Vacuum Flasks	25,027 doz.	913,737
Embroidery	7,080 sets) 37,720 prs.) 27,788 doz.)	872,401
Hurricane Lanterns	31,609 doz.	761,992
Feather	8,158 piculs	715,808
Cosmetic & Perfumery	198,848 doz.) 100 lbs.)	707,183
Batteries	391,181 doz.	670,611
Rattan Cane & Peel	5,729 bales) 2,520 catties) 1,344 sets) 11,800 sq. ft.) 4 cases) 24 piculs) 24 crates)	656,564
Glass Ware	207,583 doz.) 48 lbs.) 17,091 grs.)	638,993
Plastic Ware	1,112 gt. grs.) 14,163 gross) 51,538 doz.) 34 sets)	623,198
Handkerchief	142,999 doz.	615,256
Pencils	66,590 gross	566,996
Groundnut Oil	293,917 catties	554,012
Rattan Ware	1,777 pcs.) 6,714 doz.) 11,183 bales) 5,400 sq. ft.) 41,726 sets) 6 piculs) 299 crates)	550,249
Needles	106,893,000 pcs.	537,198
Hats and Caps	63,333 doz.	513,232
Leather Shoes	74,849 pairs	512,664
Canning & Preserving	356,237 lbs.) 6 barrels) 303 cases) 260 bottles) 1 picul)	508,513
Leather Ware	38,091 doz.	358,934
Shoe Laces	55,441 grs. prs.	307,392
Ginger, Preserved	333,776 lbs.	305,485
Camphorwood Chests	216 sets) 4,408 pcs.)	292,927
Ropes and Twine	197,895 lbs.	231,365
Mosquito Destroyer	504,140 boxes	216,979
Mats & Matting	642 pcs.) 2,209 bales)	167,379
Hardwares	21,175 lbs.) 50 rolls) 28,761 gross) 14,080 sets)	
Printed Cloth	2,309,766 doz.) 59,200 yds.) 8,758 doz.)	161,765 154,948
Iron Charcoal	2,605 doz.	150,058
Seagrass Twine	42 piculs) 2,522 bales)	145,276
Machinery	33 Nos.	144,178
Rain Coats	1,004 doz.	143,477
Table Cloth	3,909 doz.	138,384
Soap	290 gross) 69,152 lbs.)	137,124
Gourmet Powder	776 doz.	129,715
Tooth Brushes	2,286 gross	115,937
Paint, Varnish and Lacquer	46,952 lbs.) 1,473 galls.)	104,456
Tea	24,065 lbs.	94,079
Woollen Yarn	11,343 lbs.	85,249
Sugar Candy	98,013 catties	77,704
Hides	300 pcs.	54,120
Aluminium Ware	4,170 doz.	48,298
Electrical Accessories	4,880 doz.	36,236
Bean Stick	13,244 lbs.	31,219
Eggs	2,504 lbs.	30,632

COMMERCIAL NOTES

Cologne & Leipzig International Fairs

Germany's economic advance is well illustrated by the organising of two international fairs to be held in Cologne and Leipzig from February 25 to March 6 and from March 4 to March 11 respectively.

Throughout Germany's history, both Cologne and Leipzig have maintained these annual fairs, and in particular the Leipzig international fair was world famous and attracted thousands of visitors. This year's fairs, which will include exhibits from all parts of the world, and it is also hoped from Hongkong, are expected to approximate former exhibitions, though in the present instance the emphasis will be laid largely upon modern machinery and technical devices.

Shanghai Rubber Factories

The 17 rubber factories in Shanghai are at present working overtime to complete a contract recently signed with the People's Government for the supply of rubber footwear to the troops in Korea. The contract with the government covers the supply of crude rubber, gasoline and cloth required in the manufacture of the shoes. Completion of the contract must be effected by February 20 of this year.

Shanghai Textiles

The Financial and Economic Committee of the People's Government has taken action to readjust the supply of raw cotton and textiles throughout the country by prohibiting sales on the open market of raw cotton, cotton yarn and cotton piece goods. Instead, sales must be made to the state-owned corporations, which in turn will dispose of the goods to consumers.

These government controls will further affect the supply of textiles to Hongkong, following as they do the recent reduction in output by textile mills in Shanghai.

China's Foreign Trade

The Peking Government has announced that during the first ten months of 1950 trading showed a favourable balance of 32.22 per cent of exports over total imports. No figures of the actual amounts have been published. It was also mentioned that state-owned bodies showed a percentage of 54.38 in export business as against 45.62 per cent conducted by private concerns. On the import side state-owned bodies amounted to 69.94 per cent higher than private concerns which totalled 30.06 per cent of the total. China's chief exports were: soya beans, tung oil, hog bristles, peanuts, eggs, tea, mineral ores. Her chief imports were raw materials for industrial purposes. Emphasis was laid on the reform of the Customs. The customs bureaux have been reduced from 173 to 70, while the system of foreign commissioners and the office of the Inspector-General of Customs have been done away with. Up to the end of 1950, according to preliminary statistics, tariff receipts were 144.47% of the year's estimated quota.

		HK$
Preserved Meats	2,604 catties	24,448
Fish & Fishery Products	4,563 lbs.	22,322
Rubber Ware	1,249 doz.) 1,072 lbs.)	16,243
Candles	18,070 doz.	13,048
Lamp Wicks	10,000 yds.) 263 doz.)	10,595
Cotton Thread	165 doz.) 383 gross)	10,010
Fibre Ware	155 doz.	6,175
Ivory Ware	177 doz.	6,127
Cotton Waste	10,055 lbs.	5,630
Bird's Nests	122 lbs.	4,244
Cutlery	439 pcs.	1,192
Aerated Water	200 doz.	716
Jewellery	85 pcs.	504
Total		$196,573,635

Taiwan Import Duty on Raw Cotton

The twelve-month period within which raw cotton was to be exempted from import duty having expired, the Taiwan customs has been notified by the Ministry of Finance that the levy of import duty at 5% ad valorem will be resumed as from January 16, 1951. The duty was taken off raw cotton for a year in order to facilitate its importation into Taiwan.

Burma

The scope of imports for which official foreign exchange will be granted by the Burmese Government has been extended to include cotton yarn, cotton piece goods, motors, hurricane lamps, hospital supplies (including equipment and medicines) and enamelware for special uses.

Indochina Cement Works

The largest industrial plant in Indochina is the Haiphong Portland cement works, which started operation in 1899. The plant stretches for a mile along a small river near the main harbour in Haiphong. The unit is self-sufficient, taking care of its own water supply and electrical needs. The plant is equipped with five rotary kilns, each 400 feet in length, and auxiliary installations. The raw materials for manufacturing cement are close at hand, but gypsum has to be imported. The present output of the plant is about 240,000 tons annually.

H.K. Ordinance Governing Sales of Penicillin

Unbridled speculation in certain drugs, which has sent up the price and made it almost impossible for legitimate users to purchase them, has obliged the Hongkong Government to promulgate the Emergency (Penicillin Ordinance, 1948) (Amendment) Regulations, 1951, in an endeavour to stabilise the situation.

Under the Penicillin Ordinance of 1948, it was a punishable offence for persons other than legitimate users to be in possession of penicillin and other substances to which the ordinance applied. Under the new emergency regulations, permits to deal in these substances will have to be obtained.

In an explanatory note accompanying publication of the new ordinance, its scope is indicated as follows:

In recent weeks legitimate users of penicillin and other substances to which the Penicillin Ordinance, 1948 (the principal Ordinance) applies have experienced difficulty in obtaining adequate supplies of these substances. The difficulty is attributable to the operations of unscrupulous persons speculating in these commodities.

The object sought to be achieved by these regulations is to prevent the substances to which the principal Ordinance applies falling into the hands of persons who have no proper need for them and whose only object in dealing in them is to make profits at the expense of the health of the community.

The regulations (made under the Emergency Regulations Ordinance, 1922) have therefore been enacted in amedment of the principal Ordinance to make it an offence for persons other than legitimate users to be in possession of such substances while for certain purposes imposing the requirement of permits issued by or on behalf of the Director of Medical and Health Services. It is contemplated that permits will, in general, be issued to established wholesale dealers in the substances concerned. Transitional provisions however provide for sale to the Government by persons who are refused permits.

Obligations is also created for certain persons to keep records of transactions and powers of entry and search are given for purposes of enforcement.

HONGKONG COMMODITY MARKETS

The approach of the China New Year (Lunar) holidays as usual is affecting the Hongkong markets. Many Chinese dealers are returning to their homes in China for the holiday, and with the usual end-of-the-year settlements money is tight, limiting all but necessary transactions. Consequently the tone of the markets during last week was dull, this being accentuated by the difficulties faced by importers in getting supplies from Europe to replace those on the U.S.A. prohibited list. Slow delivery, especially of various metals required in China, rubber tyres, etc., which are on the essential import list made out by the South China Foreign Trade Bureau for exchange against vegetable oils and other China products, has limited the quantities of such commodities that can be brought into Hongkong and has made it hard for exporters in some instances to fill demands from Europe and America. In fact, the end of the Chinese year, though it sees high prices for most commodities, also sees the merchant faced by new obstacles that he will have to overcome in the coming months.

Cotton Yarn

Dealers from Pakistan and Indonesia were in the cotton yarn market during the week and sales were brisk. Higher counts were chiefly in demand and showed an increase in price, but prices also rose for 20's on account of short supply. Indian yarn 20's closed at the following rates. Dawn Mills $1820 per bale, J.K. Cotton Mfg. Co. Ltd. $1860, Krishna Kumar Mills $1755, Mysore Spinning Mfg. Co. $1880, Phoenix Mills $1850, Sidhpura Mill Co. $1790, the Model Mill, Nagpur, $1880, Vijayalakshmi Mills $1900; in 26's Hindustan & Co. fetched $1850 per bale, Madura Mills Co. sold for $1900; in 32's, Coimbatore Cotton Mills No. 606 fetched $2200 and Madura Mills sold at $2080 per bale; in 40's, Cocatoo brand sold at $2280 per bale. Local yarns also had brisk sales: Yacht 16's was offered at $2150 per bale; in 20's, Camel rose to $2150 per bale, Double Swallow and Red Rose to $2200, Golden Peak to $2210 per bale; in 32's, Bat & Urn sold at $2400 per bale, Ameto, Flying Fish and Golden Peak were offered at $2500, while Yacht rose to $2550 per bale.

Cotton Piece Goods

The cotton piece goods market relapsed into dullness, very few transactions taking place. Such sales as were made showed a declining tendency: in grey sheeting, Four Lotus and Green Mammoth were quoted at $78 per bolt, while Japanese 2023 fell to $80 and 2024 to $82; in white cloth, Three Peaches sold for $91 per bolt.

Metals

The metal market in common with most other markets, had a dull week. Buyers from China were returning home for the China New Year, and as this neighbouring country takes about 70% of the Colony's metal imports, their absence makes a marked difference to the market.

The difficulty over securing fresh supplies of metals from Europe and higher indent rates sent up the prices for mild steel bars even further: round bars 40' ½" to 1¼" were offered at $95 per picul (133.3 lbs.) although sellers were few. Square bars went up in the same way, 20-22' ½" to ⅞" being offered at $87 per picul. Angle bars 3/16" thick 1½" and 1¾" rose to $95 per picul, while ¼" thick 2" and 2½" were quoted at $92 per picul. Flat bars ¼" thick 1"-2" fetched $88 per picul. Mild steel plates likewise rose, the interest shown in an arrival from Japan encouraging an upward climb: 4'x8' 1/32" was quoted at $165 per picul, 1/16" was offered at $160, 3/32" sold at $150 and ⅛" at 120 per picul. Continued demand from China for zinc sheets caused prices to rise further, 3'x8' G8 sold at $550 per picul, G5 and G6 sold respectively at $535 and $580 per picul.

Industrial Chemicals

Some of the industrial chemicals originally shipped from Hongkong to Singapore are being returned here to relieve the shortage of supplies. On the whole sales were slow, with the exception of caustic soda for which there was a demand, 'crescent' brand (ICI) in 300-kilo. packing selling at $440 per drum and US 700-lb. drum fetching $420. 'Crown' brand quebracho extract sold at $1.86 per lb., but fell later to $1.65 per lb. ICI 'heavy' soda ash rose to $69 per 90-kilo bag. ICI bicarbonate of soda, refined, in 100-kilo bags rose to $95 per bag in the absence of supplies.

Fertilizers

Under the import-export link system with China, fertilizers are much in demand as an exchange for China produce. Supplies from Europe being uncertain, local dealers are planning to import sulphate of ammonia from Singapore or Thailand. ICI 'black moon' brand 100 kilos. was quoted at $735 per ton forward shipment afloat, 'shell' brand (USA) 100 lbs. paper bag sold at $640 per ton.

Cement

Since the outbreak of the Korean war, the demand from China for cement has grown steadily, and as steadily prices have risen until they reached the figure, for instance, of $8.20 for Japanese cement in 100 lb. bags, as compared with $4.60 last August. With increasing production in China, however, and a somewhat lessened demand on the Hongkong market, as well as the execution of some old orders from Japan, the price locally has shown a decline: Japanese cement had some sales during the week at $8 per 100 im. bag while ex-ship forward was at $145 per ton; Japanese 'bell' brand was offered at $115 per ton; Bate brand (Danish)

white cement sold at $14.50 per 1 cwt. bag, and selling offers were at $254 per ton c.i.f. Green Island 'emerald' brand sold at $9.50 per 112-lb. bag (official price $7.50), and 'emeralcrete' rapid hardening fetched $10.50 per 112-lb. bag (official price $8.50), while 'snowcrete' was offered at $16 per 1-cwt. bag official price $15).

Rubber

The prices of rubber showed a further rise on the local market. Dealers from Canton were requiring smoked rubber sheet No. 3 which rose to $550 per picul; rubber ends, unbaled, sold at $445 per picul. Sole crepe rubber with little demand was quoted at $600 (Java) and $550 (Singapore No. 2).

Rubber Tyres

Hongkong is being combed for rubber tyres, this being one of the commodities permitted under the barter regulations of the South China Foreign Trade Control Bureau for exchange against China produce. Chinese dealers are anxious to buy, but sellers are holding on to their stocks in the hope of a further increase in price. So great is the demand, that 90% used tyres are now also being purchased for despatch to China; it is hoped to obtain some from India as applications for the export from that country of new tyres are being refused. Dunlop 32x6 was quoted at $1050 per set, Michelin 32x6 was offered at $1150, Good Year 32x6 sold at $1050 and 34x7 at $1380, Firestone 32x6 sold at $1000, Indian 32x6 was quoted at $980, Bridgestone 34x7 and Royal Wing 34x7 sold at $1250 and $1100 per set respectively, while Japanese Nitto 34x7 fetched $1100; Japanese Yokohama 32x6 was offered at $950 and 34x7 sold at $1300 per set.

China Produce

A vigorous demand from Europe for vegetable oils, together with a further readjustment in exchange by the South China authorities in favour of the JMP, caused prices locally to continue their upward trend during the week. Sales of tung oil (woodoil) were effected at $245 per picul (133.3 lbs.) and also at $255 (including the drums), the European buying offer having been increased to £265/£273 per ton c. & f. Teaseed oil 4% f.f.a. sold at $265/$270 per picul, while the unprocessed quality fetched $255. Rapeseed oil 4% f.f.a. had sales at $210 per picul. Tunghing copra oil in drums sold at $186 per picul.

Other China products also showed increases: Nanning aniseed star 1st qual. was offered at $190 per picul and the Honan product 2nd qual. at $182. Cassia lignea 1-cwt. bale and 80-lb. bale (West River) sold at $125 f.o.b., while the loose packing 2nd qual. fetched $120; cassia scraped (Honan) rose to $155 and Saigon cassia unassorted sold at $380 per picul. West river ramie fibres had sales at $215 per picul.

HONGKONG BUILDING CONSTRUCTION

The cost of new building construction in Hongkong, including site work, during November amounted to HK$ 10,073,210 (new building $8.7 million, site work $1.3 million) covering 172 buildings (8 factories & godowns, 8 offices & shops, 140 houses & flats, and 16 other (including mixed accommodation)). The distribution of this new building construction was as shown below:

	City of Victoria	Island Outside City	Kowloon & New Kowloon
Factories & godowns	1	1	6
Offices & shops	1	—	7
Houses & flats	7	58	75
Other	3	7	6
Total	12	66	94

The cost of the new building was as follows:

Cost of Building Construction in November 1950

	City of Victoria $	Outside City $	Kowloon & New Kowloon $
Factories & godowns	1,072,809	595,283	73,100
Site work	819,744	17,521	6,900
Offices & shops	16,370	—	24,000
Site work	—	—	1,400
Houses & flats	236,600	2,283,778	2,714,167
Site work	869	408,300	40,817
Other	693,560	636,900	361,052
Site work	800	63,100	6,200
Totals	2,840,692	4,004,882	3,227,636

From January to November 1950, the cost of new building totalled $110,537,409 (building construction $103.6 million, site work $6.9 million), distribution being as below:

	City of Victoria	Outside City	Kowloon & New Kowloon
Factories & godowns	15	25	66
Offices & shops	4	2	17
Houses & flats	176	251	464
Other	43	47	90
Totals	238	325	637

Cost of Building Construction Jan.-Nov. 1950

	City of Victoria $	Outside City $	Kowloon & New Kowloon $
Factories & godowns	6,324,407	2,342,695	6,368,392
Site work	940,254	76,292	344,540
Offices & shops	7,127,950	3,000,000	3,436,515
Site work	7,700	—	18,980
Houses & flats	10,074,803	20,717,288	23,448,596
Site work	960,516	2,746,579	957,413
Other	5,375,516	5,176,958	10,204,734
Site work	392,102	301,430	193,749
Totals	31,203,248	34,361,242	44,972,919

PLANS RECEIVED AND PLANS APPROVED BY THE BUILDING ORDINANCE OFFICE, 1950

The follow statistics relating to plans of buildings received and approved by the Building Ordinance Office of the Public Works Department afford some indication of the trend in intention to build or to renovate existing buildings. Owing to the fact, however, that building lots frequently change hands, and new plans may be submitted for approval by the owners in the place of those already approved, the present figures do not afford a precise indication of actual progress in building. Statistics relating to actual completion of buildings are presented in the foregoing tables.

	Monthly Average 1948	Monthly Average 1949	Monthly Average Jan./Sept., 1950	Nov., 1950
Plans Received:				
European type houses	43	38	25	16
Chinese type houses	93	62	67	28
Factories	4	3	3	1
Godowns	5	2	7	6
Temporary Sheds	4	4	6	7
Houses for Repairs & Rehabilitation	30	18	13	11
Houses for Alterations & Additions	212	241	387	224
Site Formation	4	6	19	7
Churches	—	1	—	—
Hotels	—	1	—	—
Schools	.5	1	1	1
Kiosk	.5	—	—	1
Nissen Huts	2	1	1	—
Houses for Demolition	2	5	4	—
Theatres	—	1	1	—
Film Studio	—	1	—	—
Restaurant	—	—	1	—
Total Plans Received	402	384	535	302
Plans Approved:				
European type houses	45	43	34	9
Chinese type houses	77	70	67	24
Factories	3	2	2	2
Schools	.6	1	1	1
Office Buildings	2	—	—	—
Temporary Sheds	8	9	10	6
Site Formation	3	6	4	—
Houses for Repairs & Rehabilitation	20	24	11	13
Houses for Alterations & Additions	538	560	479	356
Godowns	3	6	3	2
Garages	2	2	1	—
Kiosk	—	1	—	—
Churches	—	1	1	—
Houses for Demolition	3	7	6	7
Advertising Hoarding	—	1	—	—
Block comprising 500 working class flats	—	1	—	—
Hotels	—	—	1	—
Laan	—	—	1	—
Service Station	—	—	1	—
Total Plans Approved	708	734	622	420

HONGKONG PAPER MARKET IN 1950

As the international political situation continued to grow more tense, paper prices in Hongkong rose, and this process shows every likelihood of continuing.

The year 1950 was characterised by violent changes in Hongkong's paper market as a result of the repercussions of the Korean war. During the first half year, prices were seen to decline sharply despite the vast difficulties encountered by the merchant, such as the lack of godown space for incoming shipments and the stoppage of demand from traders in China. The market quotations for various categories of paper fell far below the actual cost to the importer, and although the manufacturers in Europe repeatedly readjusted their rates, the local price level continued to lag behind, causing heavy losses to all paper merchants. In an effort to reduce their losses, local paper merchants during February and March negotiated with the European factories and succeeded in obtaining their approval either to cancel part of their earlier orders or to postpone the date of shipment.

During the second half year, prices in Europe steadily advanced to high levels while those in Hongkong remained stationary and thus became the lowest obtainable anywhere in the world. Due to this fact, there were heavy purchases in the local market by traders from Indonesia, the Philippines, Malaya, Thailand, India, South Korea and Taiwan, with even mainland China seeking supplies here to fill her needs. Soon afterwards the Korean conflict broke out and as the international situation steadily deteriorated, there was a general scramble for all types of essential materials, including paper. Furthermore, due to a severe shortage of wood pulp, the paper mills in Europe were compelled to revise their quotations continually. Not only were prices substantially increased, but fresh stocks were difficult to secure as a shortage of supply had become general and the European mills were already heavily committed in their forward deliveries.

Paper dealers in Hongkong, in view of the high factory prices and the far advanced date of shipment, were disinclined to place new orders in Europe, preferring to procure replenishments in the Hongkong market itself. This brought about a steady decline in local stocks, while at the same time shipments from Europe gradually fell off, resulting in a shortage of those items in active demand.

As stocks of European paper dwindled, an opportunity was offered to Japanese products in the Hongkong market. Although the quality of Japanese paper is slightly inferior to that produced in Europe, quick delivery and cheaper prices enabled it to command a certain amount of the local business. Fairly large quantities of such Japanese products as newsprint, strawboard, cardboard, cellophane, match paper, parchment and book printing paper found their way into the market here. This is one of the principal reasons why despite the rapidly rising European quotations, the market rates in Hongkong failed to make any appreciable improvement until some time later. Only the market prices of those products in brisk demand and short of supply were then affected. However, as the Japanese supply was limited and fewer shipments came in, local prices began to advance.

It was not until the early part of December when the United States, Canada, Japan and other countries banned exports of strategic materials to Hongkong and Macao and intercepted some shipments en route to this area that the market became really aroused and prices began to take a general upward turn. By then supplies from Europe had been practically severed. Japanese stocks had been bought up by other countries and the serious shortage of raw materials for paper-making had brought up factory prices considerably. Further, continued large-scale purchases by Indonesia, the Philippines, Thailand and Shanghai caused the market to advance ever higher. By way of illustration, Norwegian newsprint soared to 84 cents per lb., Swedish brown M.G. sulphite to $54 per ream, Netherlands cardboard to $900 per ton, and 240-lb. duplex board to $270 per ream. Compared with the below-cost prices obtaining at the beginning of the year, these rates showed an average increase of about 200 percent. There were, however, still some items which had not yet caught up with the new prices in Europe. These included Japanese duplex board, which was quoted by Japanese sellers at $1 per lb. but was sold in the Hongkong market at only 80 cents per lb.

As a whole, the paper trade of Hongkong during the first half of last year had been extremely quiet and depressed, but in the second half year stocks were gradually depleted and prices began to rise by stages. A point worthy of note is that the profits realised by the merchants in less than half a year were more than sufficient to cover all the losses incurred during the first half of the year,—a development which was as abnormal as it was extraordinary. If the world situation should fail to show improvement, the future of the paper trade would not, however, permit any optimism. The difficulty of procuring replenishments, the incessant rise of prices in Europe, and the suspension of Japanese export licences as from December 27, 1950, which renders future exports from Japan a serious problem, are some of the factors pointing to the possibility of paper prices in Hongkong remaining high during the next half year.

Reports from Malaya

Rubber

Exports of rubber (including latex, concentrated latex and revertex) during the month of November from Malaya totalled 100,141 long tons, as compared with 119,162 tons in October and 100,148 t. in September, (Novem-1949 75,022 tons). Exports went principally to the following countries: U.S.A. 36,804 tons (Jan.-Nov. 338,072 tons), United Kingdom 18,787 t. (Jan.-Nov. 180,318 t.), Russia 1904 t. (66,-598 t.), France 5660 t. (52,658 t.), Germany 6518 t. (45,753 t.), Japan 4948 t. (37,651 t.), Italy 2249 t. (36,-914 t.), Hongkong 4993 t. (36,356 t.), Canada 2757 t. (32,228 t.), China 9302 t. (31,388 t.).

For the eleven months ending November, shipments of rubber totalled 991,869 tons, as against 812,346 tons for the same period in 1949 and 913,-606 t. for Jan.-Nov. 1948.

Tin

Production of tin-in-ore in Malaya for the month of October came to 4779 long tons compared with 4595 tons in September and 4905 t. in October last year. Output this year to the end of October was 48,142 t. as against 45,-381 t. for the same period last year.

Stocks of tin metal and tin-in-ore at the end of October amounted to 8111 t. compared with 19,731 t. at the end of the ten months of 1949.

Exports of tin metal in November amounted to 7543 tons compared with 5979 t. in October and 8597 t. in September (November 1949, 2604 t.). Exports went mainly to the U.S.A. 2575 t. (Jan.-Nov. 42,913 t.), the Continent of Europe 2927 t. (18,331 t.), the United Kingdom 1715 t. (6754 t.) and the British Commonwealth 316 t. (6774 t.). The cumulative figures for exports of tin metal during the eleven months of this year came to 76,339 tons, compared with 46,581 t. for the same period in 1949 and 45,461 for the eleven months of 1948.

Radio Transmitting Stations

A scheme for developing more powerful and clearer radio reception in the Federation of Malaya has been worked out and will commence with the construction of three radio transmitting stations at Kajang, Selangor, Glugor, Penang, and Ipoh. Work has already started on the stations in Penang and Selangor, and next year it will start on the station at Ipoh to which a recent grant of £22,500 for broadcasting purposes from the Colonial Development Fund will be devoted.

Perak Tin Development

An agreement has been signed between the Government of Perak and various mining interests for the deviation of 14 miles of the Kinta river which flows through the richest tin-bearing area in the world. It is estimated that the result of the deviation will be the extraction of 493,000 piculs of tin.

Vehicles in Singapore

Recent figures issued by the registrar of vehicles in Singapore show a total of 153,222 vehicles on the roads, an increase of 27,333 since the end of 1949. Of these 29,541 are civilian cars, taxis, lorries and motorcycles. Motor cars numbered 16,154 (an increase of 2460), taxis numbered 1443 (an increase of 362). Trishas showed a decline: at the end of 1949 there were 7892 with 8900 riders, but at the end of 1950 there were only 7065 trishas with 7500 riders. Bicycles showed a growth in popularity, the end of 1950 having 110,733 registered as against 94,347 for 1949 or an increase of 16,386.

Hongkong Food and Fuel Costs

EMPLOYED AS THE BASIS OF ASSESSMENT OF REHABILITATION ALLOWANCES

Selected Commodities	Rice and Flour	Vegetables	Salt Cabbage	Oil (Peanut)	Tea	Salt Fish	Fish	Pork	Firewood	Bean Curd	TOTAL	Index on Basis Monthly Average, 1947.
Unit Quantities (Cats.)	7.2	1.9	.2	.7	.2	.3	.4	.3	10.0	14 pcs.	—	—
Cost	$	$	$	$	$	$	$	$	$	$	$	$
Monthly Average, 1947	4.7594	.9395	.2861	1.6854	.9600	.7068	.8741	.9075	1.0410	.6725	12.8461	100.0
" " 1948	5.0908	1.1100	.2133	1.5653	.9600	.7600	.9383	.8568	.8417	.7000	13.0367	101.5
" " 1949	4.8682	1.5887	.2529	1.4531	.9766	.9741	1.2155	1.0646	1.0163	.7000	14.1102	109.3
Monthly Average, Jan./Sept., 1950	5.3463	1.1877	.2619	1.2906	1.0800	.9322	1.0891	1.2196	.8567	.7000	14.0641	109.5
Weekly Average, Nov.	4.7475	1.0830	.2380	1.3545	1.0800	.8205	.8410	1.1790	.7550	.7000	12.7985	99.6